Holcim US Finance S.à r.l. & Cie S.C.S.

(incorporated in Luxembourg as a société en commandite simple)

and

Holcim Capital Corporation Ltd.

(incorporated in Bermuda with limited liability)

as Issuers

Holcim Ltd

(incorporated in Switzerland with limited liability)

as Guarantor

U.S.$1,000,000,000 Guaranteed Notes consisting of U.S.$750,000,000 6.000% Notes due 2019 U.S.$250,000,000 6.875% Notes due 2039

The U.S.$750,000,000 6.000% guaranteed notes due 2019 (the "Series A Notes") will be issued by Holcim US Finance S.à r.l. & Cie S.C.S. ("SCSL") and the U.S.$250,000,000 6.875% guaranteed notes due 2039 (the "Series B Notes" and, together with the Series A Notes, the "Notes") will be issued by Holcim Capital Corporation Ltd. ("HCC"). The Notes will be unconditionally and irrevocably guaranteed by Holcim Ltd (the "Guarantor"). See "Terms and Conditions of the Series A Notes — Guarantee and Status," "Form of Guarantee of the Series A Notes", "Terms and Conditions of the Series B Notes" and "Form of Guarantee of the Series B Notes."

In this Offering Memorandum, references to the "Issuer" are to either SCSL as the issuer of the Series A Notes or to HCC as the issuer of the Series B Notes and references to the "Relevant Issuer" shall be construed accordingly. References to "Issuers" are to SCSL and HCC taken together.

The Series A Notes will bear interest at a rate of 6.000% per year and the Series B Notes will bear interest at a rate of 6.875% per year. Interest on the Series A Notes will be payable semi-annually in arrears on June 30 and December 30 of each year, except that the first payment of interest will be made on December 30, 2009 in respect of the period from and including the Issue Date to but excluding December 30, 2009 and will amount to U.S.$30.33 per Note in the denomination of U.S.$2,000. Interest on the Series B Notes will be payable semi-annually in arrears on March 29 and September 29 of each year, beginning on March 29, 2010. The Notes will be issued in fully registered form and only in denominations of U.S.$2,000 and in integral multiples of U.S.$1,000 in excess thereof. The Series A Notes will mature on December 30, 2019 and the Series B Notes will mature on September 29, 2039 (each, the "Maturity Date").

The Relevant Issuer may redeem each series of the Series A Notes or the Series B Notes, as the case may be, (i) at any time prior to the relevant Maturity Date at the relevant Early Redemption Amount (as defined herein) for such Notes and (ii) at any time at their principal amount in the event of certain tax law changes requiring the payment of additional amounts as described in this Offering Memorandum, in each case together with interest accrued to the date fixed for redemption for such Notes. See "Terms and Conditions of the Series A Notes — Redemption, Purchase and Cancellation."

The Series A Notes will be unsecured and unsubordinated obligations of SCSL, and will rank equally with each other and with all present and future unsecured and unsubordinated debt obligations of SCSL (other than obligations which are preferred by law). The Series B Notes will be unsecured and unsubordinated obligations of HCC, and will rank equally with each other and with all present and future unsecured and unsubordinated debt obligations of HCC (other than obligations which are preferred by law). The guarantee of each series of Notes (the "Guarantees") will be the Guarantor's unsecured and unsubordinated obligation, ranking equally with all of the Guarantor's present and future unsecured and unsubordinated debt obligations (other than obligations which are preferred by law). For more information, see "Summary — The Offering — Status of each Guarantee."

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the official list of the Luxembourg Stock Exchange (the "Official List") and to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market. References in this Offering Memorandum to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Euro MTF Market. This Offering Memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg Act dated July 10, 2005 relating to prospectuses for Securities.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 13.

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or the laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In the United States, the Offering is being made only to "qualified institutional buyers" ("QIBs") (as defined in Rule 144A ("Rule 144A")) under the Securities Act in compliance with Rule 144A. Prospective investors are hereby notified that Banc of America Securities LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. (each an "Initial Purchaser," and together, the "Initial Purchasers") may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside the United States, the Offering is being made in reliance on Regulation S under the Securities Act. See "Notice to Investors," "Notice to New Hampshire Residents," "Notice to United States Investors," "Plan of Distribution" and "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

The Notes will be available for delivery, in book-entry form only, through the facilities of the Depository Trust Company ("DTC") and its direct and indirect participants, or through Euroclear Bank S.A./N.V. ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream") and their participants, as applicable, on or about September 29, 2009.

Price for the Series A Notes: 98.674% plus accrued interest, if any, from September 29, 2009
Price for the Series B Notes: 97.549% plus accrued interest, if any, from September 29, 2009

Joint Book-Running Managers

BofA Merrill Lynch

Citi

Deutsche Bank Securities

The date of this Offering Memorandum is September 25, 2009

NOTICE TO INVESTORS

This Offering Memorandum has been prepared by the Issuers solely for use in connection with the proposed offering of the securities described in this Offering Memorandum. This Offering Memorandum does not constitute an offer to any person or to the public generally to subscribe for or otherwise acquire securities. Prospective investors are authorized to use this Offering Memorandum solely for the purpose of considering the purchase of the Notes. Distribution of this Offering Memorandum to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without the Issuers' prior written consent, is prohibited.

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Prospective investors must comply with all laws applicable in any jurisdiction in which they buy, offer or sell the Notes or possess or distribute this Offering Memorandum, and must obtain all applicable consents and approvals; none of the Issuers, the Guarantor or the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. See "Transfer Restrictions."

The Issuers are making this Offering in reliance on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The Notes may not be offered or sold except pursuant to an effective registration statement or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. Laws in certain jurisdictions may restrict the distribution of this Offering Memorandum and the offer and sale of the Notes. Prospective investors must inform themselves about, and observe, those restrictions. Investors must comply with all applicable laws and regulations in force in any applicable jurisdiction, and must obtain any consent, approval or permission required for the purchase, offer or sale by investors of the Notes under the laws and regulations in force in the jurisdiction to which investors are subject or in which investors make such purchase, offer or sale, and none of the Issuers, the Guarantor or the Initial Purchasers will have any responsibility therefor.

By purchasing the Notes, investors will be deemed to have made acknowledgments, representations, warranties and agreements as set forth under "Transfer Restrictions" in this Offering Memorandum. None of the Issuers or the Initial Purchasers are making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. Prospective investors should understand that they will be required to bear the financial risks of their investment for an indefinite period of time.

This Offering Memorandum summarizes certain documents and other information in a manner the Issuers and the Guarantor believe to be accurate, but the Issuers and the Guarantor refer prospective investors to the actual documents for a more complete understanding of the information the Relevant Issuer discussed in this Offering Memorandum. The Relevant Issuer will make copies of these documents available to prospective investors upon request. In making an investment decision, prospective investors must rely on their own examination of such documents, the Relevant Issuer and the Guarantor's business and the terms of the Offering and the Notes, including the merits and risks involved.

By accepting delivery of this Offering Memorandum, prospective investors acknowledge that (1) they have been afforded an opportunity to request and to review all additional information considered by them to be necessary to verify the accuracy of, or to supplement, the information contained in this Offering Memorandum, (2) they have not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with the investigation of the accuracy of such information or prospective investors' investment decision, (3) this Offering Memorandum relates to an offering that is exempt from registration under the Securities Act and (4) no person has been authorized to give information or to make any representations concerning the Group, this Offering or the Notes described in this Offering Memorandum.

None of the Issuers nor the Guarantor makes any representation to prospective investors that the Notes are a legal investment for them. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Prospective investors should consult their own advisors as needed to make their investment decision and to determine whether they are legally permitted to purchase the securities under applicable legal investment or similar laws or regulations. Neither the delivery of the Offering Memorandum nor any sale made pursuant to this Offering Memorandum implies that any information set forth in this Offering Memorandum is correct as of any date after the date of this Offering Memorandum.

Prospective investors should contact the Initial Purchasers with any questions about this Offering or if they require additional information to verify the information contained in this Offering Memorandum.

This Offering Memorandum may only be used for the purposes for which it has been published.

The Issuers reserve the right to withdraw this Offering of the Notes at any time. The Issuers and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any investor less than the full amount of Notes sought by such investor.

In connection with this Offering, the Initial Purchasers may effect transactions that stabilize or maintain the market price of the Notes at a higher level than the Notes might otherwise achieve in the open market. Such stabilizing, if commenced, may be discontinued at any time without notice. For a description of these activities, see the section entitled "Plan of Distribution" in this Offering Memorandum.

This Offering Memorandum does not constitute a prospectus for the purposes of EU Directive 2003/71/EC (the "Prospectus Directive").

Each of SCSL (in respect of itself and the Series A Notes only) and the Guarantor, having made all reasonable enquiries, confirms that to the best of its knowledge and belief, the information contained in this Offering Memorandum regarding SCSL, the Guarantor, the Group and the Series A Notes, which is material in the context of the issue of the Series A Notes, is true and accurate in all material respects and that that there are no other facts the omission of which would in the context of the issue of the Series A Notes make any statement herein, whether of fact or opinion, misleading in any material respect. Each of SCSL and the Guarantor accept responsibility for the information contained in this Offering Memorandum accordingly.

Each of HCC (in respect of itself and the Series B Notes only) and the Guarantor, having made all reasonable enquiries, confirms that to the best of its knowledge and belief, the information contained in this Offering Memorandum regarding HCC, the Guarantor, the Group and the Series B Notes, which is material in the context of the issue of the Series B Notes, is true and accurate in all material respects and that that there are no other facts the omission of which would in the context of the issue of the Series B Notes make any statement herein, whether of fact or opinion, misleading in any material respect. Each of HCC and the Guarantor accept responsibility for the information contained in this Offering Memorandum accordingly.

Where information contained in this Offering Memorandum has been sourced from a third party, such information has been accurately reproduced and so far as each of the Relevant Issuer and the Guarantor is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect.

The Initial Purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this Offering Memorandum.

None of the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission or any other regulatory authority has approved or disapproved of the Notes or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, investors agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Notes to the public.

NOTICE TO UNITED STATES INVESTORS

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under the "Transfer Restrictions" section of this Offering Memorandum.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. Prospective investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this Offering Memorandum entitled "Plan of Distribution" and "Transfer Restrictions."

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE NEW HAMPSHIRE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE INVESTOR, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN BERMUDA

SECURITIES MAY BE OFFERED OR SOLD IN BERMUDA ONLY IN COMPLIANCE WITH PROVISIONS OF THE INVESTMENT BUSINESS ACT 2003, AND EXCHANGE CONTROL ACT 1972, AND RELATED REGULATIONS OF BERMUDA WHICH REGULATE THE SALE OF SECURITIES IN BERMUDA. IN ADDITION, SPECIFIC PERMISSION IS REQUIRED FROM THE BERMUDA MONETARY AUTHORITY ("BMA"), PURSUANT TO THE PROVISIONS OF THE EXCHANGE CONTROL ACT 1972 AND RELATED REGULATIONS, FOR ALL ISSUANCES AND TRANSFERS OF SECURITIES OF BERMUDA COMPANIES, OTHER THAN IN CASES WHERE THE BMA HAS GRANTED A GENERAL PERMISSION. THE BMA IN ITS POLICY DATED JUNE 1, 2005 PROVIDES THAT "GENERAL PERMISSION IS HEREBY GIVEN FOR THE ISSUE AND SUBSEQUENT TRANSFER OF ANY SECURITIES, OTHER THAN AN EQUITY SECURITY, FROM AND/OR TO A NON-RESIDENT OF BERMUDA." PURSUANT TO THE BMA POLICY, AN EQUITY SECURITY IS DEFINED AS A SHARE ISSUED BY A BERMUDA COMPANY WHICH ENTITLES THE HOLDER TO VOTE FOR OR APPOINT ONE OR MORE DIRECTORS OR A SECURITY WHICH BY ITS TERMS IS CONVERTIBLE INTO A SHARE WHICH ENTITLES THE HOLDER

TO VOTE FOR OR APPOINT ONE OR MORE DIRECTORS. FOR THE AVOIDANCE OF DOUBT, THE NOTES ARE NOT CONSIDERED EQUITY SECURITIES.

IN ADDITION, HCC SHALL, PRIOR TO OR AS SOON AS REASONABLY PRACTICABLE AFTER PUBLICATION OF THIS OFFERING MEMORANDUM, FILE A COPY OF THIS OFFERING MEMORANDUM, SIGNED BY OR ON BEHALF OF ALL OF THE DIRECTORS OF HCC, WITH THE REGISTRAR OF COMPANIES IN BERMUDA IN ACCORDANCE WITH BERMUDA LAW. APPROVALS OR PERMISSIONS RECEIVED FROM THE BMA OR REGISTRAR OF COMPANIES IN THE FUTURE DO NOT CONSTITUTE A GUARANTEE BY THE BMA OR REGISTRAR OF COMPANIES AS TO THE PERFORMANCE OR THE CREDITWORTHINESS OF HCC. IN GRANTING SUCH APPROVALS OR PERMISSIONS, THE BMA SHALL NOT BE LIABLE FOR THE PERFORMANCE OR DEFAULT OF HCC, OR FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS OFFERING.

AVAILABLE INFORMATION

Each Relevant Issuer has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Relevant Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Information

The audited financial statements of the Relevant Issuer (the "Issuer Financial Statements") included herein as at and for the years ended December 31, 2008, 2007 and 2006 respectively, have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The audited financial statements of the Guarantor (the "Guarantor Financial Statements") included herein as of and for the years ended December 31, 2008, 2007 and 2006 have been prepared according to Swiss law. The audited consolidated financial statements of the Group (the "Consolidated Financial Statements" and, together with the Guarantor Financial Statements, the "Financial Statements") included herein as at and for the years ended December 31, 2008, 2007, 2006 and the unaudited consolidated financial statements of the Group as at and for the six-month periods ended June 30, 2009 and 2008 (the "Consolidated Interim Financial Statements") have been prepared in accordance with IFRS.

Certain Non-IFRS Measures

In this Offering Memorandum, the Group refers to Operating EBITDA, EBITDA, EBIT, net financial debt and funds from operations, which are non-IFRS measures since they are not defined in IFRS.

Operating EBITDA is calculated as operating profit before depreciation, amortization and impairment of operating assets. Operating EBITDA is presented because the Group believes it is a useful measure for evaluating its operating performance and profitability. Operating EBITDA is not a measure of financial performance under IFRS. Prospective investors should not consider Operating EBITDA in isolation or as an alternative to operating profit or any other performance measures derived in accordance with IFRS. Operating EBITDA as presented in this Offering Memorandum may also not be comparable to other similarly titled measures of performance of other companies.

EBITDA is calculated as net income before income taxes, interest earned on cash and marketable securities, financial expenses, and depreciation, amortization and impairment of operating and non-operating assets. EBITDA is presented because the Group believes it is a useful measure of its operating performance and profitability. EBITDA is not a measure of financial performance under IFRS. Prospective investors should not consider EBITDA in isolation or as an alternative to operating profit or any other performance measures derived in accordance with IFRS. EBITDA as presented in this Offering Memorandum may also not be comparable to other similarly titled measures of performance used by other companies.

EBIT is calculated as net income before income taxes, interest earned on cash and marketable securities and financial expenses. EBIT is presented because the Group believes it is a useful measure for evaluating its operating performance and profitability. EBIT is not a measure of financial performance under IFRS. Prospective investors should not consider EBIT in isolation or as an alternative to operating profit or any other performance measures derived in accordance with IFRS, as an indicator of operating performance, as an alternative to cash flows from operating activities or as a measure of the Group's profitability or liquidity. EBIT as presented in this Offering Memorandum may also not be comparable to other similarly titled measures of performance used by other companies.

Net financial debt is calculated as financial liabilities less cash and cash equivalents (excluding marketable securities for 2008 annual figures and including marketable securities for 2007 and 2006 annual figures). Net financial debt is presented because the Group believes it provides a useful indication of its overall balance sheet strength. Net financial debt is not a measure of financial performance under IFRS. Prospective investors should not consider net financial debt in isolation or as an alternative to IFRS measures. Net financial debt as presented in this Offering Memorandum may also not be comparable to other similarly titled measures of performance used by other companies.

Funds from operations is calculated as net income plus depreciation, amortization and impairment of operating and non-operating assets as shown in the consolidated statement of income. Funds from operations is presented in relation to net financial debt as an indication of the Group's strength and ability to repay its net financial debt. Funds from operations in relation to net financial debt is not a measure of financial performance under IFRS. Prospective investors should not consider funds from operations in relation to net financial debt in isolation or as an alternative to IFRS measures. Funds from operations and funds from operations in relation to net financial debt as presented in this Offering Memorandum may also not be comparable to other similarly titled measures of performance of other companies.

Presentation of Certain Other Information

In this Offering Memorandum, references to "USD," "U.S.$," "U.S. dollars" and "dollars" are to the currency of the United States, references to "CHF" and "Swiss francs" are to the currency of Switzerland, references to "GBP" and "pounds sterling" are to the currency of the United Kingdom, references to "INR" are to the currency of India, references to "SGD" are to the currency of Singapore and references to "euro," "EUR" or "€" are to the currency of the participating member states in the third stage of the Economic and Monetary Union of the Treaty establishing the European Community. Each Issuer maintains its accounts in U.S. dollars and the Guarantor maintains its accounts in Swiss francs. This Offering Memorandum contains translations of certain amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise noted, all translations of Swiss franc amounts into U.S. dollars are based on the exchange rates used in the Consolidated Financial Statements and the Consolidated Interim Financial Statements. See "Exchange Rate Information." No representation is made that Swiss franc or U.S. dollar amounts referred to herein have been, could have been or could be converted into U.S. dollars or Swiss francs, as the case may be, at this rate, at any particular rate or at all. Any discrepancies in the tables included herein between the amounts listed and the total thereof are due to rounding. References to "tonnes" are to metric tons. References in this Offering Memorandum to the Group's operations in more than 70 countries include the operations of associated companies.

Market, Ranking and Other Data

Market information (including information in relation to levels of consumption of the Group's products) or other statements presented in this Offering Memorandum regarding the position of the Group relative to its competitors reflect the management's best estimates. These estimates are based upon information obtained from trade or business organizations and associations, from other contacts within the industries in which the Group competes and, in some cases, upon published statistical data or information from independent third parties. Except as otherwise stated, market share data, as well as the Group's assessment of its comparative competitive position, have been derived by comparing the Group's sales figures for the financial year ended December 31, 2008 with the Group's estimates of its competitors' sales figures for such period, as well as upon published statistical data and information from competitors and independent third parties. Consequently, prospective purchasers of Notes or other prospective investors should not rely on the approximate market share and other market information presented herein as precise measures of market share or of other actual market conditions.

ENFORCEMENT OF CIVIL LIABILITIES

SCSL is a company incorporated under the laws of Luxembourg and HCC is a company incorporated under the laws of Bermuda. The Guarantor is a corporation *(Aktiengesellschaft)* incorporated under the laws of Switzerland. All of the directors and officers of each of the Issuers and the Guarantor are non-residents of the United States, and all or a substantial portion of the assets of each of such persons are located outside the United States. As a result, it may not be possible for investors to enforce against any of them judgments obtained in U.S. courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Offering Memorandum, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's products), as well as those regarding market information, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Important factors that could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, changes in global economic conditions, changes in foreign exchange rates, the Group's capital needs, financing costs, changes in operating costs, the ability to find and retain qualified staff, uncertainties related to the operations of the Group, competition from other companies, new product development and technological change, adverse changes in governmental rules and fiscal policies and adverse changes in applicable laws, including environmental and tax laws. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors." These forward-looking statements speak only as of the date of this Offering Memorandum. Each of the Issuers and the Guarantor expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in each of the Issuers' and the Guarantor's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Prospective investors should rely only on the information contained in this Offering Memorandum. The Issuers and the Initial Purchasers have not authorized anyone to provide prospective investors with different information. The Issuers and the Initial Purchasers are not making an offer of these securities in any state or other jurisdiction where the offer is not permitted. Prospective investors should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

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In this Offering Memorandum, references to the "Group" refer to the Guarantor and its consolidated subsidiaries taken as a whole. References to the "Issuer" are to either SCSL as the issuer of the Series A Notes or to HCC as the issuer of the Series B Notes and references to the "Relevant Issuer" shall be construed accordingly. References to "Issuers" are to SCSL and HCC taken together. References to the "Guarantor" refer to Holcim Ltd, which will guarantee the Notes.

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Memorandum, including the information set out under "Risk Factors," the Financial Statements and the Consolidated Interim Financial Statements and the related notes thereto.

Overview

The Group is one of the world's leading producers of cement and aggregates. The Group also supplies ready-mix concrete, concrete products, asphalt and a range of related services. The Group operates in more than 70 countries and employs approximately 82,000 personnel. As at December 31, 2008, the Group operated a total of 151 cement and grinding plants and owned 415 aggregate operations, 1,217 ready-mix concrete plants and 125 asphalt plants worldwide. As at June 30, 2009, the Group had an installed annual production capacity of 192.5 million tonnes of cement.

In the year ended December 31, 2008, the Group reported an operating EBITDA of CHF 5,333 million on net sales of CHF 25,157 million.

Strategy

The Group's aim is to create sustainable value for all its stakeholders. It therefore seeks to ensure that its business goals are in line with the three pillars of the "triple bottom line approach," namely value creation, sustainable environmental performance and social responsibility. The Group's strategic priorities are product focus, geographic diversification and the leadership principle of local management and global standards.

Business Areas

The Group organizes its business along regional lines and divides its business activities into three principal segments: cement, aggregates and other construction materials and services. As part of the third segment, the Group is also active internationally in the trading of cement, clinker and various raw materials.

Sales of cement amounted to CHF 16,248 million in the year ended December 31, 2008 (2007: CHF 17,223 million), which represented 57.6% of the Group's total net sales including intra-Group sales (2007: 57.5%). The Group operates, in total, 151 cement and grinding plants, with an installed annual capacity worldwide of approximately 194.4 million tonnes of cement as of December 31, 2008. The Group has a diversified customer base for its cement in all geographic regions. The Group is not dependent on any individual customers in any of the major markets in which it operates.

The Group also produces aggregates. This product group accounted for sales of CHF 2,518 million in the year ended December 31, 2008 (2007: CHF 3,190 million), which represented 8.9% of the Group's total net sales including intra-Group sales (2007: 10.7%). In the year ended December 31, 2008, the Group delivered a total of 167.7 million tonnes of aggregates, compared to 187.9 million tonnes in 2007.

Sales in the other construction materials (including ready-mix concrete, concrete products and asphalt) and services segment amounted to CHF 9,419 million in the year ended December 31, 2008 (2007: CHF 9,535 million), which represented 33.4% of the Group's consolidated total net sales including intra-Group sales (2007: 31.8%).

THE OFFERING

The following overview refers to certain provisions of the Terms and Conditions of the Notes and the Trust Deed and is qualified by the more detailed information contained elsewhere in this Offering Memorandum. Terms which are defined in "Terms and Conditions of the Series A Notes" have the same meaning when used in this overview.

Issuer of the Series A Notes	Holcim US Finance S.à r.l. & Cie S.C.S.
Issuer of the Series B Notes	Holcim Capital Corporation Ltd.
Guarantor	Holcim Ltd
Notes Offered	U.S.$750,000,000 6.000% Guaranteed Notes due 2019 (the "Series A Notes") U.S.$250,000,000 6.875% Guaranteed Notes due 2039 (the "Series B Notes" and, together with the Series A Notes, the "Notes")
Issue Date	September 29, 2009
Issue Price	The Series A Notes will be issued at 98.674% of their principal amount and the Series B Notes will be issued at 97.549% of their principal amount.
Maturity Date	Unless previously redeemed, purchased or cancelled, the Series A Notes will be redeemed at their principal amount on December 30, 2019 and the Series B Notes will be redeemed at their principal amount on September 29, 2039 (each, the "Maturity Date").
Interest and Interest Payment Dates	The Series A Notes will bear interest at the rate of 6.000% per year and the Series B Notes will bear interest at the rate of 6.875% per year, in each case from the Issue Date. Interest on the Series A Notes will be payable semi-annually in arrears on June 30 and December 30 of each year, except that the first payment of interest will be made on December 30, 2009 in respect of the period from and including the Issue Date to but excluding December 30, 2009 and will amount to U.S.$30.33 per Note in the denomination of U.S.$2,000. Interest on the Series B Notes will be payable semi-annually in arrears on March 29 and September 29 of each year, beginning on March 29, 2010.
Record Dates for Interest Payments	Each payment in respect of the Notes will be made to the person shown as the holder in the Register at the opening of business (in the place of the relevant Registrar's specified office) on the fifteenth day before the due date for such payment (or, if such fifteenth day is not a business day in the place of the relevant Registrar's specified office, the next succeeding day which is a business day in such place).
Day Count Fraction	30/360
Denomination, Form and Registration of the Notes	The Relevant Issuer will issue the Notes in fully registered form in denominations of U.S.$2,000 and in integral multiples of U.S.$1,000 in excess thereof. The Notes will be represented by the Restricted Global Note and the Unrestricted Global Note. The Restricted Global Note will be registered in the name of Cede & Co., as nominee of DTC. The Unrestricted Global Note will be

deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg. Investors will hold beneficial interests in the Notes through DTC and its direct and indirect participants or through Euroclear, Clearstream, and their participants, as applicable. For information on DTC's, Euroclear's and Clearstream's book-entry system, see "Summary of Provisions Relating to the Notes in Global Form."

Ranking of the Notes

The Notes constitute direct, unconditional (subject to Condition 4) unsecured and unsubordinated obligations of the Relevant Issuer and will rank *pari passu* without any preference among themselves and with all other present or future (subject as aforesaid) unsecured and unsubordinated obligations of the Relevant Issuer (other than obligations which are preferred by bankruptcy, liquidation or other similar laws of general application).

Status of each Guarantee

Each Guarantee will constitute a direct, unconditional (subject to Condition 4) unsecured and unsubordinated obligation of the Guarantor ranking *pari passu* with all other present or future (subject as aforesaid) unsecured and unsubordinated obligations of the Guarantor in respect of money borrowed, raised, guaranteed or otherwise secured by the Guarantor (other than obligations which are preferred by bankruptcy, liquidation or other similar laws of general application).

The Guarantee of the Series A Notes covers a maximum amount up to U.S.$825,000,000 and the Guarantee of the Series B Notes covers a maximum amount up to U.S.$275,000,000 (in each case equal to the aggregate principal amount of the relevant series of Notes, plus 10%). This maximum amount would be reduced by any payment (other than a payment of interest) made pursuant to the relevant Guarantee. The Guarantees would not cover any claims of the relevant Noteholders in excess of this maximum amount for due but unpaid interest accrued from the later of (i) the date of issuance or (ii) the last interest payment date preceding the date of redemption of the relevant Notes (whether on the applicable Maturity Date or following an acceleration of the relevant Notes as a result of an Event of Default) on which interest was paid when due. Under current Swiss insolvency law, upon the commencement of bankruptcy proceedings (*Konkurseröffnung*) (which, under Swiss law, means the declaration by the applicable court that a debtor is bankrupt), interest would cease to accrue against the Guarantor under the Guarantee and, unless otherwise provided by a composition agreement (*Nachlassvertrag*), the same would apply upon the granting of a composition moratorium (*Nachlassstundung*) with respect to the Guarantor.

Negative Pledge

So long as any Note remains outstanding, neither the Relevant Issuer nor the Guarantor will create or have outstanding any mortgage, pledge, lien or other charge ("Security") upon the whole or any part of its undertaking or assets, present or future, to secure any Relevant Indebtedness or any guarantee for or indemnity in respect of any Relevant Indebtedness (as defined in the "Terms and Conditions") unless in any such case at the same time the Relevant Issuer's obligations under the Notes or the Guarantor's obligations

	under the relevant Guarantee are secured by the same Security as is created or is outstanding in respect of such Relevant Indebtedness, guarantee or indemnity or as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders. See "Terms and Conditions of the Series A Notes — Covenants — Negative Pledge."
Mergers, Consolidations	So long as any Note remains outstanding, neither the Relevant Issuer nor the Guarantor will (i) consolidate or merge with or into another Person (whether or not the Relevant Issuer or the Guarantor, as the case may be, is the Surviving Entity (as defined in the "Terms and Conditions"); or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of its properties or assets, taken as a whole, in one or more related transactions, to another Person, unless (a) either: (1) the Relevant Issuer or the Guarantor, as the case may be, is the surviving corporation; or (2) the Person formed by or surviving any such consolidation or merger (if other than the Relevant Issuer or the Guarantor, as the case may be) or to which such sale, assignment, transfer, conveyance or other disposition has been made, is a Surviving Entity; (b) immediately after such transaction, the Surviving Entity (if other than the Relevant Issuer or the Guarantor) assumes all the obligations of the Relevant Issuer or the Guarantor, as the case may be, under the Notes and the Guarantee, as the case may be, and the Trust Deed pursuant to agreements (including, without limitation, a supplemental trust deed) reasonably satisfactory to the Trustee; (c) if the Surviving Entity is the Guarantor, the Guarantor shall have delivered a written instrument in a form reasonably satisfactory to the Trustee confirming its obligations under the Guarantee and the Trust Deed and if the Surviving Entity is the Relevant Issuer, the Relevant Issuer shall have delivered a written instrument in a form reasonably satisfactory to the Trustee confirming its obligations under the Notes and the Trust Deed; and (d) immediately after such transaction, no Event of Default exists.
Cross Default	Each series of the Notes will contain a cross default provisions, subject to a threshold of the higher of (x) 0.6% of the Guarantor's consolidated total shareholders' equity as determined by reference to the most recent published audited consolidated annual financial statements of the Guarantor and (y) CHF 125 million, or their equivalents. See "Terms and Conditions of the Series A Notes — Events of Default."
Optional Redemption	The Notes of each series may be redeemed at the option of the Relevant Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued to the date fixed for redemption. "Early Redemption Amount" means the greater of (i) the principal amount of the Notes and (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect

	of the Notes (exclusive of interest accrued to the date fixed for redemption) discounted to the date fixed for redemption on a semi-annual basis (assuming a 360 day year consisting of twelve 30 day months) at the Treasury Rate plus 45 basis points, as determined by an Independent Financial Adviser. See "Terms and Conditions of the Series A Notes — Redemption, Purchase and Cancellation — Optional Redemption."
Withholding Tax	All payments of principal and interest in respect of the Series A Notes or each Guarantee will be made free and clear of withholding taxes of Luxembourg or Switzerland and all payments of principal and interest in respect of the Series B Notes or each Guarantee will be made free and clear of withholding taxes of Bermuda or Switzerland, except where such withholding is required by law, in which case, subject to customary exceptions, the Relevant Issuer or the Guarantor, as the case may be, shall pay additional amounts, all as described in "Form of the Guarantee of the Series A Notes" and "Terms and Conditions of the Series A Notes — Taxation."
Tax Redemption	The Notes of each series may be redeemed at the option of the Relevant Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption in the event of certain changes in Luxembourg (in the case of the Series A Notes), Bermudian (in the case of the Series B Notes) or Swiss taxation affecting the Notes or each Guarantee. See "Terms and Conditions of the Series A Notes — Redemption, Purchase and Cancellation — Redemption for Taxation Reasons."
Redemption at the Option of a Noteholder upon a Change of Control	If a Put Event occurs, the holder of each Note will have the right to require the Relevant Issuer to redeem or, at the Relevant Issuer's option, purchase (or procure the purchase of) that Note at 100% of its principal amount together with interest accrued to (but excluding) the Put Date. A Put Event will be deemed to occur if: (i) any person or any persons acting in concert (as defined below) directly or indirectly acquire (A) more than 50% of the issued share capital of the Guarantor or (B) shares in the capital of the Guarantor carrying more than 50% of the total voting rights attributable to the entire issued share capital of the Guarantor and which may be exercised at a general meeting of the Guarantor (each such event being, a "Change of Control"); and (ii) on the date (the "Relevant Announcement Date") of the first public announcement of the relevant Change of Control the Notes carry: (A) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), from any Rating Agency and such rating is, within the Change of Control Period, either

downgraded to a non-investment grade credit rating (Ba1/ BB+, or equivalent, or worse) (a "Non-Investment Grade Rating") or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency; or

(B) a Non-Investment Grade Rating from any Rating Agency and such rating is, within the Change of Control Period, either downgraded by one or more rating categories (by way of example, BB+ to BB being one rating category) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency; or

(C) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that (X) if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (A) will apply and (Y) no Put Event will be deemed to occur if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency and less than all of such Rating Agencies downgrade or withdraw such credit rating as described in sub-paragraph (A) and sub-paragraph (B) above; and

(iii) in making any decision to downgrade or withdraw a credit rating pursuant to sub-paragraph (A) and sub-paragraph (B) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Guarantor that such decision(s) resulted, in whole or predominantly, from the occurrence of the Change of Control.

If two-thirds or more in principal amount of a series of the Notes then outstanding have been redeemed or purchased pursuant to this provision, the Relevant Issuer may redeem or purchase (or procure the purchase of) all but not some only of the remaining Notes of such series at 100% of their principal amount together with interest accrued to (but excluding) the date fixed for such redemption or repurchase.

All capitalized terms shall have the meanings given them in the Terms and Conditions of the Notes.

See "Terms and Conditions of the Series A Notes — Redemption, Purchase and Cancellation — Redemption at the Option of the Noteholders."

Interest Rate Adjustment Based on Rating Events

The rate of interest payable on the Notes will be the Initial Rate of Interest, subject to adjustment (upwards or downwards) as provided below (each such adjustment, a "Rate Adjustment").

	"Initial Rate of Interest" means 6.000% per annum in the case of the Series A Notes and 6.875% per annum in the case of the Series B Notes; "Interest Ratchet" means the following rates of interest: (a) Upon the occurrence of a Step Up Rating Change: the Initial Rate of Interest plus 1.25% per annum; and (b) Upon the occurrence of a Step Down Rating Change: the Initial Rate of Interest "Investment Grade" means Baa3 (in the case of Moody's) or BBB- (in the case of S&P or Fitch) or the equivalent rating level of any other Substitute Rating Agency or higher; "Rating" means a rating of the Notes; "Step Down Rating Change" means the first public announcement after a Step Up Rating Change by one or more Rating Agencies of an increase in the Rating with the result that none of the Rating Agencies rate the Notes below Investment Grade (provided always that if less than two Rating Agencies maintain a Rating at such time the Step Down Rating Change shall not occur until at least two Rating Agencies have assigned or maintain an Investment Grade Rating); and "Step Up Rating Change" means (i) the first public announcement by one or more Rating Agencies of a decrease in the Rating to below Investment Grade or (ii) there ceasing to be a Rating assigned by at least two Rating Agencies. For the avoidance of doubt, following a Step Up Rating Change any further decrease in the Rating by any Rating Agency or any further withdrawal of Rating shall not constitute a further Step Up Rating Change. Any Rate Adjustment shall apply in respect of the Interest Period commencing on the Interest Payment Date falling on or immediately following the date of the relevant change in rating, until either a further Rate Adjustment becomes effective or to the Maturity Date, or the date of any earlier redemption of the Notes, as the case may be. There shall be no limit on the number of times that a Rate Adjustment may be made during the term of the Notes, provided always that at no time during the term of the Notes will the rate of interest payable on the Notes be less than the Initial Rate of Interest or more than the Initial Rate of Interest plus 1.25% per annum. All capitalized terms shall have the meanings given them in the Terms and Conditions of the Notes. See "Terms and Conditions of the Series A Notes — Interest — Interest Rate Adjustment based on Rating Events."
Further Issuances	The Relevant Issuer may from time to time, without the consent of the Noteholders, create and issue further securities having the same terms and conditions as either series of the Notes in all respects (or in all respects except for the first payment of interest) and so that

	such further issues shall be consolidated and form a single series with the outstanding Notes of that series.
Listing and Admission to Trading	Application has been made for the Notes of each series to be listed on the official list of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market.
Transfer Restrictions	The Notes have not been registered under the Securities Act and are subject to restrictions on resale and transfer. See "Plan of Distribution" and "Transfer Restrictions."
Use of Proceeds	The net proceeds of the Offering will be approximately U.S.$977,000,000 after deduction of offering commissions and estimated expenses. The net proceeds of the Offering will be used outside Switzerland, both for general corporate purposes of the Group and for repayment of existing debt.
Trustee	Deutsche Trustee Company Limited
Principal Paying Agent	Deutsche Bank AG, London Branch
New York Registrar	Deutsche Bank Trust Company Americas
European Registrar	Deutsche Bank Luxembourg S.A.
Governing Law	The Notes will be governed by and construed in accordance with English law. The Guarantees will be governed by and construed in accordance with Swiss substantive law.
Anticipated Ratings	The Notes are expected to be assigned a rating of BBB by Standard & Poor's Ratings Services, Baa2 by Moody's Investors Services, Inc. and BBB by Fitch Ratings. A security rating is not a recommendation to buy, sell or hold the Notes and may be revised or withdrawn by the assigning rating agency at any time.
Security Identification	

	ISIN	CUSIP	Common Code
Rule 144A Series A Notes	US43474TAA16	43474TAA1	045551342
Regulation S Series A Notes	XS0455643394	—	045564339
Rule 144A Series B Notes	US43474TAB98	43474TAB9	045555011
Regulation S Series B Notes	XS0455643808	—	045564380

SUMMARY FINANCIAL AND OTHER DATA

The summary financial information set out below has been extracted or derived from the Consolidated Financial Statements and the Consolidated Interim Financial Statements of the Group, which were prepared and presented in accordance with IFRS. This data should be read in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Consolidated Financial Statements and Consolidated Interim Financial Statements of the Group and the notes related thereto included elsewhere in this Offering Memorandum.

	As at and for the Six Months Ended June 30,		As at and for the Year Ended December 31,		
	2009	2008	2008	2007	2006
	(In CHF million unless otherwise stated) (Unaudited)				
Statement of income					
Net sales	10,082	12,434	25,157	27,052	23,969
Gross profit	4,316	5,710	11,041	12,979	11,353
Operating EBITDA(1)	2,143	2,802	5,333	6,930	6,086
Operating EBITDA margin(2) (%)	21.3	22.5	21.2	25.6	25.4
EBITDA(3)	2,349	2,970	5,708	8,468	6,333
Operating profit	1,306	1,964	3,360	5,024	4,385
Operating profit margin (%)	13.0	15.8	13.4	18.6	18.3
Depreciation, amortization and impairment	839	839	1,985	1,919	1,723
EBIT(4)	1,510	2,131	3,723	6,549	4,610
Income taxes	332	453	663	1,201	1,078
Tax rate (%)	30	25	23	21	28
Net income	787	1,338	2,226	4,545	2,719
Net income margin (%)	7.8	10.8	8.8	16.8	11.3
Net income — equity holders of Holcim Ltd	527	1,066	1,782	3,865	2,104
Statement of cash flows					
Cash flow (used in) from operating activities	805	664	3,703	5,323	4,423
Cash flow margin (%)	8.0	5.3	14.7	19.7	18.5
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	111	429	1,104	1,043	1,062
Expansion Investments	1,026	1,283	3,287	2,245	1,265
Purchase of financial assets, intangible, other assets and businesses net	580	927	1,084	2,277	2,054
Statement of financial position					
Current assets	10,771	10,942	9,994	10,372	9,747
Long-term assets	36,909	36,414	35,199	37,839	34,955
Total assets	47,680	47,356	45,193	48,211	44,702
Total current liabilities	10,266	10,886	10,765	9,025	8,621
Total long-term liabilities	17,834	16,633	16,454	17,241	17,356
Total shareholders' equity	19,580	19,837	17,974	21,945	18,725
Shareholders' equity as a percentage of total assets	41.1	41.9	39.8	45.5	41.9
Minority interest	2,841	2,700	2,616	3,163	3,548
Net financial debt(5)	16,048	15,163	15,047	12,873	12,837

	As at and for the Six Months Ended June 30,		As at and for the Year Ended December 31,		
	2009	2008	2008	2007	2006
	(In CHF million unless otherwise stated) (Unaudited)				
Capacity, sales and personnel					
Annual production capacity cement (million t)	192.5	195.7	194.4	197.8	197.8
Sales of cement (million t)	65.1	72.5	143.4	149.6	140.7
Sales of mineral components (million t)	1.5	2.2	4.8	5.5	6.0
Sales of aggregates (million t)	62.5	79.7	167.7	187.9	187.6
Sales of ready-mix concrete (million cubic meters)	19.3	23.6	48.5	45.2	44.2
Personnel (at period end)	81,522	92,414	86,713	89,364	88,783
Financial ratios					
Return on equity(6) (%)	n.m.(12)	n.m.(12)	10.4	22.8	15.8
Gearing(7) (%)	82.0	76.4	83.7	58.7	68.6
Funds from operations/net financial debt(8) (%)	n.m.(12)	n.m.(12)	28.0	50.2	34.6
EBITDA net interest coverage(9)	7.0	9.1	7.6	11.0	6.8
EBIT net interest coverage(10)	4.3	6.6	4.9	8.5	5.0
Earnings per dividend-bearing share(11) (CHF)	1.88	3.73	6.27	13.66	7.94

Notes:

(1) Operating EBITDA is calculated as operating profit before depreciation, amortization and impairment of operating assets. See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which operating EBITDA is presented.

(2) Operating EBITDA margin is calculated as operating EBITDA divided by net sales.

(3) EBITDA is calculated as net income before income taxes, interest earned on cash and marketable securities, financial expenses, and depreciation, amortization and impairment of operating and non-operating assets. See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which EBITDA is presented.

(4) EBIT is calculated as net income before taxes, interest earned on cash and marketable securities and financial expenses. See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which EBIT is presented.

(5) Net financial debt is calculated as current financial liabilities plus long-term financial liabilities less cash and cash equivalents (excluding marketable securities from 2008 annual figures and including marketable securities for 2007 and 2006 annual figures). See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which net financial debt is presented.

(6) Excludes minority interest.

(7) Gearing is calculated as net financial debt divided by total shareholders' equity.

(8) Funds from operations are calculated as net income plus depreciation, amortization and impairment of operating and non-operating assets. See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which funds from operations are presented.

(9) EBITDA net interest coverage is calculated as EBITDA (12 months rolling) divided by net interest (12 months rolling).

(10) EBIT net interest coverage is calculated as EBIT (12 months rolling) divided by net interest (12 months rolling).

(11) Earnings per dividend-bearing share are calculated as net income attributable to equity holders of the Guarantor divided by the average number of shares outstanding on the relevant date. The average number of shares outstanding was retrospectively increased by 5% to reflect the 1:20 ratio of the stock dividend and by an additional 3.6% to reflect the bonus element for existing shareholders in the rights issue for all periods presented.

(12) Not meaningful.

The following is a reconciliation of operating EBITDA to operating profit for the periods presented:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(Unaudited)	(In CHF million)			
Reconciliation of operating EBITDA					
Operating profit	1,306	1,964	3,360	5,024	4,385
Add:					
Depreciation, amortization and impairment of operating assets	837	838	1,973	1,906	1,701
Operating EBITDA	2,143	2,802	5,333	6,930	6,086

The following is a reconciliation of EBITDA to net income for the periods presented:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(Unaudited)	(In CHF million)			
Reconciliation of EBITDA					
Net income	787	1,338	2,226	4,545	2,719
Add:					
Income taxes	332	453	663	1,201	1,078
Financial expenses	435	413	990	1,006	962
Interest earned on cash and marketable securities	(44)	(73)	(156)	(203)	(149)
Depreciation, amortization and impairment of operating and non-operating assets	839	839	1,985	1,919	1,723
EBITDA	2,349	2,970	5,708	8,468	6,333

The following is a reconciliation of EBIT to net income for the periods presented:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(Unaudited)	(In CHF million)			
Reconciliation of EBIT					
Net income	787	1,338	2,226	4,545	2,719
Add:					
Income taxes	332	453	663	1,201	1,078
Financial expenses	435	413	990	1,006	962
Interest earned on cash and marketable securities	(44)	(73)	(156)	(203)	(149)
EBIT	1,510	2,131	3,723	6,549	4,610

The following is a reconciliation of net financial debt as at the dates presented:

	As at June 30		As at December 31		
	2009	2008	2008	2007	2006
	(Unaudited)		(In CHF million)		
Reconciliation of net financial debt					
Current financial liabilities	5,732	5,898	5,863	3,616	3,590
Long-term financial liabilities	13,996	12,435	12,789	12,629	12,470
Less:					
Cash and cash equivalents[1]	3,680	3,170	3,605	3,372	3,223
Net financial debt	16,048	15,163	15,047	12,873	12,837

Note:

(1) Cash and cash equivalents includes marketable securities for 2006, 2007 and excludes marketable securities for 2008 annual figures and onwards. See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which net financial debt is presented.

The following is a reconciliation of funds from operations to net income for the periods presented:

	Six Months Ended June 30		Year Ended December 31		
	2009	2008	2008	2007	2006
	(Unaudited)		(In CHF million)		
Reconciliation of funds from operations					
Net income	787	1,338	2,226	4,545	2,719
Add:					
Depreciation, amortization and impairment of operating and non-operating assets	839	839	1,985	1,919	1,723
Funds from operations	1,626	2,177	4,211	6,464	4,442

RISK FACTORS

An investment in the Notes entails risks. There are a number of factors, including those specified below, which may adversely affect the Group's ability to make payments under the Notes. Investors could therefore lose a substantial portion or all of their investment in the Notes. Consequently, only persons who can assume such risks should consider an investment in the Notes. Prospective investors should note that the risks described below are the risks that the Group considers to be material, but are not the only risks that the Group faces. There may be additional risks that the Group currently considers immaterial, or of which the Group is currently unaware, and any of these risks could have the effects described above.

Risks relating to the Group's Business and Industry

Cyclical nature of the construction industry

The building materials industry in any jurisdiction is dependent on the level of activity in the construction sector in that jurisdiction. The construction industry tends to be cyclical and dependent on the level of construction-related expenditures in the residential, commercial and infrastructure sectors. Political instability or changes in government policy can also affect the construction industry. The industry is sensitive to factors such as GDP growth, population growth, interest rates and inflation. An economic downturn could lead to a recession in the construction industry. Turmoil in the financial sector intensified during 2008 and had a negative impact on the global real economy. In some countries, the situation deteriorated markedly in the fourth quarter of 2008, in particular in the United States, Spain, the United Kingdom and Russia. As a consequence, some of the Group's key markets entered into a recession. The impact of this downturn on the construction markets of the individual Group regions varied. In particular, the United States, the United Kingdom, Spain and Russia experienced sharp decreases in demand for construction materials in 2008. In the second half of 2008, the impact was felt across Western Europe. During the first half of 2009, demand for construction services declined further in North America as well as in Western and Eastern Europe. The announced government stimulus packages have yet to make an impact on the construction sector, although in the US the negative trend slowed in the second quarter. See "— Seasonal nature of construction business."

The Group operates in over 70 countries worldwide, and some markets or regions account for a significant portion of its total sales. Historically the Group's broad geographic base has contributed to earnings stability as cyclical declines in individual markets have been offset by growth in other markets. However, while the five geographic regions in which the Group operates have been affected differently by the recent downturn in global economies, there can be no assurance that the current weakening in economic growth will not affect the construction market globally or that negative economic conditions in one or more regions will not affect the construction markets in other regions. The Group's results of operations and profitability could be adversely affected by a continued or further downturn in construction activity on a global scale or in a significant market in which it operates.

In response to market conditions, the Group may decide to close plants or operations in a market and therefore may incur significant exceptional costs in the relevant financial period, even if such closures are made in order to reduce recurring costs and investments in future years. For example, in view of the increasingly difficult market conditions in Spain and the United States, the Group decided to close the plants of Torredonjimeno in Spain and Dundee and Clarksville in the United States. In 2008, the cost of these closures and other restructuring measures amounted to CHF 308 million. CHF 120 million of the total was charged to operating EBITDA and CHF 188 million was recorded as depreciation. The Group has also announced plans to moth-ball the plants at Artesia, Mississippi and Mason City, Iowa in the United States and idled some kilns in other countries.

Risks associated with increases in energy costs

Cement production requires a high level of energy consumption, especially for the kilning and grinding process in cement manufacture. The principal elements of the Group's energy costs are electricity expenses and fuel expenses (which include costs for coal, natural gas and petroleum coke). The Group's results of operations are therefore significantly affected by movements in energy prices. Energy prices have increased significantly over the past several years, and may also vary significantly in the future, largely due to market forces and other factors beyond the Group's control. In certain emerging markets, the Group has seen increases in electricity prices due to a lack of generation capacity and the effects of privatization. Total energy expenses accounted for 19.6% of the Group's production costs of goods sold in 2008. In 2008, the total production cost of goods sold increased to 56.1% as a percentage of net sales, compared to 52.0% in 2007. This was primarily due to the fact that during the first half of 2008, the price of energy and other resources increased, pushing up production costs. The rise and subsequent fall in these prices in the second half of 2008 had a delayed impact on the Group's costs. The time lags between movements in the market prices of resources and movements in product costs are due to the fact that supply of a substantial proportion of resources is secured by the Group under long-term purchase agreements and the inventory held in storage depots is valued at average cost. The Group seeks to protect itself against the risk of energy price inflation through the ability to diversify fuel sources, the use of alternative fuels and the ability to fully or partially pass through cost increases to customers as well as through the use of long-term supply contracts for certain of the Group's energy needs. The Group has also sought to reduce the proportion of clinker used in the cement production process by using mineral components as substitutes. Despite these measures, if high energy prices prevail over significant periods or if the Group encounters increases or significant fluctuations in energy costs, insufficient availability of cost-efficient alternative fuels or the violation of supply agreements, this could have a material adverse effect on the Group's results of operations and profitability. The Group may not be able to adjust its product prices to reflect any or all increases in costs, which may adversely affect margins.

Competition

Many of the markets for cement, aggregates and other construction materials and services are very competitive. Due to the predominantly commoditized nature of such building materials, competition in these markets is based largely on price and, to a lesser extent, on quality and service. On the basis of data contained in the Global Cement Report (2009) and other publicly available information, the Group estimates that, in 2008, the top five cement producers represented approximately 40% of global production (excluding China). Competition for the Group in the cement industry varies from market to market, but on a global basis the Group believes its major competitors to be Lafarge S.A. ("Lafarge"), Cemex S.A.B. de C.V. ("Cemex"), HeidelbergCement AG ("Heidelberg Cement") and Italcementi SpA ("Italcementi").

The Group competes in each of its markets with domestic and foreign suppliers as well as with importers of foreign products and with local and foreign construction service providers. As a result, the prices that the Group may be able to charge its customers are not likely to be materially different from the prices charged by producers of the same products and by competitors in the same markets. Accordingly, the Group's profitability is generally dependent on the level of demand for such building materials and services as a whole, and on its ability to control its efficiency and operating costs. Prices in these markets are subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions, and other market conditions beyond the Group's control. As a consequence, the Group may face price, margin or volume declines in the future. Any significant volume, margin or price declines could have a material adverse effect on the Group's results of operations. For example, new capacity is expected to be rolled out by other market participants over the next two years, which, in combination with the slowdown in the economy, could result in oversupply in certain regions, in particular the Middle East and some regions in India.

Competition regulation

In recent years, various antitrust and competition regulators worldwide have been subjecting the cement, building materials and building materials services industries to increased scrutiny and imposing fines on companies for involvement in illegal cartel practices or other anticompetitive practices. The EC Commission is currently investigating certain cement companies (including the Group) on suspicion that they may have violated the EC antitrust rules prohibiting cartels and/or abuses of a dominant market position. This enquiry is the second into practices in the cement industry in Europe after the EC Commission fined cement companies including the Group a total amount of EUR 248 million in 1994 (reduced on appeal in 2000 to EUR 110 million) for operating a cartel, dividing up the cement markets and sharing information. Certain Group companies are currently subject to investigations and proceedings by competition authorities in various countries worldwide (including in Europe, Asia and Latin America), including the recent EC Commission investigations. These investigations and proceedings are at different stages and are still ongoing (see "Description of the Guarantor and Group — Competition Proceedings").

The Group cannot predict the outcome of the pending competition law proceedings or investigations, or give any assurances that the Group's subsidiaries or affiliates will not be the subject of further investigations by competition authorities in the future. However, a successful competition law regulatory challenge could adversely affect the Group in a variety of ways. For example, it could result in: (i) the imposition of significant fines by one or more authorities (in the case of the EC Commission, up to a maximum of 10% of an undertaking's worldwide annual group revenue) and (ii) third parties (such as competitors and customers) initiating substantial civil litigation claiming damages caused by anticompetitive practices. In addition, involvement in illegal anticompetitive conduct may give rise to a reputational risk for the Group and a requirement for the Group to share assets, business secrets or know-how. Apart from the consequences that may follow from any potential involvement in illegal conduct, the Group may be restricted in its ability to carry out acquisitions due to merger regulations in certain jurisdictions. Furthermore, compliance with competition laws and regulations may involve significant cost or require changes in business practices that may result in reduced revenues and, accordingly, have a material adverse effect on the business, the results of operations and financial condition of the Group. The Group has in place a Code of Conduct including principles of fair competition across the Group and conducts regular trainings and reviews relating to these principles.

Environmental, health and safety matters

Environmental Regulations

The operations of building material suppliers are subject to numerous national and supranational environmental, health and safety laws, regulations, treaties and conventions (together with the other laws and regimes discussed below, "Environmental Regulations"), including those controlling the discharge of materials into the environment, requiring removal and clean-up of environmental contamination, establishing certification, licensing, health and safety, taxes, labor and training standards, or otherwise relating to the protection of human health and the environment (including in relation to asbestos and crystalline silicosa dust). Violations of existing Environmental Regulations expose violators to substantial fines and sanctions and may require technical measures or investments to ensure compliance with mandatory emission limits. Environmental Regulations currently in force may be amended or modified or new Environmental Regulations may be adopted, further curtailing or regulating the cement industry and related industries in the various jurisdictions in which the Group operates. The Group cannot predict the extent to which its future earnings may be affected by compliance with such new Environmental Regulations.

Cement industry CO_2 emissions result mainly from the chemical process of making clinker and from the combustion of fossil fuels. Compared to other energy-intensive industrial activities, CO_2 emission per unit of financial added value for the cement industry is relatively high. Public concerns over greenhouse gas emissions may lead to significant additional costs for the cement industry. Along with the Kyoto Protocol, a number of industrialized nations are pressing ahead with regulatory measures to curb greenhouse gas emissions. Notably, the European Union introduced a cap and trade scheme on CO_2 emissions with effect from January 1, 2005. Under this scheme, companies receive allowances from relevant member states in accordance with their historic CO_2 emissions. These allowances are tradable, allowing companies that reduce their emissions to sell their excess allowances to companies that have not reached their emissions objectives. A company that fails to reach its objectives must purchase allowances on the market which may only be possible at substantial cost. Companies that fail to meet the emissions caps may be subject to significant penalties. For the allocation period comprising 2008 through 2012, the European Commission significantly reduced the overall availability of allowances, adding additional pressure on companies to reduce their emissions or, if they are not able to do so, to purchase additional allowances at a potentially high cost. Starting from the year 2013, the European Union will further significantly reduce the volume of emission allowances to the industry, and the cost of CO_2 emission allowances may increase accordingly. Given the reduced allocation of allowances, there is a significant risk that the Group will have to buy additional emission allowances or possibly reduce its clinker production in the European Union.

Authorities in the United States, Canada, Australia and New Zealand are also developing emission cap and trade systems. While this regulatory process may take some years, the regulatory uncertainty in this period may negatively affect the business environment. In addition Switzerland, the Guarantor's jurisdiction of incorporation, may join the European Union Emission Trading around 2013. The entering into force of those systems in such jurisdictions may lead to similar business risks as in the European Union.

Companies in emerging economies do not yet have an obligation to reduce their CO_2 emissions. However, it is possible that some countries may accept a sectoral approach at the upcoming UN climate conference in Copenhagen (December 2009), which would result in the gradual implementation of intensity based emission reduction objectives and emission rights trading systems applicable to the cement industry in those countries. The objectives, design and timing of such systems is as yet unknown, as is the potential related impact on businesses. The implementation of increasingly varied regulatory systems in different parts of the world may affect international competitiveness and eventually lead to ineffective use of assets (including discontinuation of the use of such assets) in regions with severe emissions regulations.

There can be no assurance that the Group will be able to meet its stated targets relating to CO_2 emissions or comply with targets external regulators may impose upon the cement industry by external regulators. Furthermore, additional, new and/or different regulations in this area, such as the imposition of lower limits than those currently contemplated, could be enacted, all of which could have a material adverse effect on the Group's business, results of operations and financial condition.

In addition, many of the Group's current and former properties are or have been used for industrial purposes, and Group companies have arranged for disposal of waste on their own premises, in their quarries and at third-party disposal sites. Under certain environmental laws, liability for activities at contaminated sites, including buildings and other facilities, is strict, and in some cases, joint and several. The Group may in the future be subject to potentially material liabilities relating to the investigation and clean-up of contaminated areas, including groundwater, at properties owned or formerly owned, operated or used by the Group, and to claims alleging personal injury or damage to natural resources.

The Group is increasingly using alternative fuels and raw materials to reduce CO_2 and other emissions as well as fuel and raw material costs. Some of these alternative fuels are hazardous and require the Group to use special procedures to protect workers and the environment. When using hazardous waste for this purpose, the above mentioned risks of environmental liabilities or the health and safety liabilities discussed below as well as reputational risk may arise if such procedures are not executed correctly.

Other regulations affecting mining operations

In addition to Environmental Regulations, the Group's operations are subject to extensive governmental regulations in most countries in which it operates on matters such as permitting and licensing requirements as well as reclamation and restoration of mining properties after mining is completed. The Group believes that it has obtained all material permits and licenses required to conduct its present mining operations. However, the Group will need additional permits and renewals of permits in the future. New site approval procedures generally require the preparation of geological surveys, and may require endangered species studies and other studies to assess the environmental impact of new sites. Compliance with these regulatory requirements is expensive, requires an investment of substantial funds well before the Group knows whether a site's operation will be economically successful, and significantly lengthens the time needed to develop a new site. Additional legal requirements could be adopted in the future that would render compliance still more burdensome. Furthermore, obtaining or renewing required permits is sometimes delayed or prevented due to community opposition and other factors beyond the Group's control. Finally, the Group could be adversely affected if its current provisions for reclamation and closure costs were determined to be insufficient at a later stage, or if future costs associated with reclamation were to be significantly greater than its current estimates. The Group cannot assure investors that current or future mining regulation, and compliance with such regulation, will not have a material adverse effect on the Group's business, or that the Group will be able to obtain or renew permits in the future.

Health and safety regulations

Due to the nature of the Group's industry, there is a certain risk of accidents or improper operations. Although the Group invests significant resources in occupational health and safety measures, the number of severe incidents has not decreased recently, in part due to the Group's increased activities in emerging markets, where it relies more heavily on subcontractors and other third parties whose health and safety standards and practices tend to be lower than those applicable in more developed markets. Notwithstanding the preventative measures which the Group (or any subcontractor) has taken or may take, there can be no assurance that accidents or improper operations will not occur and damage the environment and/or injure the Group's own personnel or third party staff. Such events may result in additional costs and fines, and may jeopardize the Group's reputation and credibility.

The Group's ability to borrow from banks or in the capital markets may be materially adversely affected by a financial crisis in a particular geographic region, industry or economic sector

The Group's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favorable market conditions. Financial crises in particular geographic regions, industries or economic sectors have led, in the recent past, and could lead in the future to sharp declines in the currencies, stock markets and other asset prices, in turn threatening affected financial systems and economies.

During 2008 and early 2009, global credit markets tightened significantly, initially prompted by concerns over the United States sub-prime mortgage crisis and the valuation and liquidity of mortgage-backed securities and other financial instruments, such as asset-backed commercial paper, and later spreading to various other areas. This has resulted in the failure and/or the nationalization of several large financial institutions in the United States, the United Kingdom and other countries. Additionally, credit risks may continue to be greater and more pervasive than previously thought. The functioning of financial markets has also become increasingly impaired and financial volatility has increased substantially.

This market slowdown may adversely impact the Group's ability to borrow from banks or in the capital markets and may significantly increase the costs of such borrowing. If sufficient sources of financing are not available in the future for these or other reasons, the Group may be unable to meet its financial requirements, which could materially and adversely affect its business, results of operations and financial condition.

Emerging markets risks

The Group's expansion in emerging markets exposes it to risks which it does not face in more mature economies. Approximately 75% of the Group's cement production capacity is located in emerging markets.

Emerging markets face economic and political risks and risks associated with legal systems being less certain than those in Europe or North America. Emerging markets are even more exposed to volatility in GDP, inflation, exchange rates and interest rates than developed markets, which may negatively affect the level of construction activity and the Group's results of operations in a given market. Instability in an emerging market can lead to restrictions on currency movements, which may adversely affect the Group's emerging market operating subsidiaries' ability to pay dividends, and restrictions on imports of equipment.

Other potential risks presented by emerging markets include:

- disruption of the Group's operations due to civil disturbances, and other actual and threatened conflicts;
- nationalization and expropriation of private assets;
- price controls;
- differences between and unexpected changes in regulatory environments, including environmental, health and safety, local planning, zoning and labor laws, rules and regulations;

- varying tax regimes, including with respect to the imposition of withholding taxes on remittances and other payments by subsidiaries and joint ventures;
- fluctuations in currency exchange rates and restrictions on the repatriation of capital; and
- difficulties in attracting and retaining qualified management and employees, or reducing the size of the Group's workforce.

For example, in April 2008, the Venezuelan government announced that the government would nationalize all foreign cement producers' operations in the country. On May 27, 2008, the President issued a Decree nationalizing Holcim Venezuela and the two other foreign-owned cement companies in Venezuela. In connection with the nationalization of Holcim Venezuela, Holcim has to date not received a compensation offer from the Republic of Venezuela that is acceptable from a legal or financial standpoint. Therefore, Holcim will continue with the arbitration proceedings as filed with the International Centre for the Settlement of Investment Disputes (ICSID) in Washington, D.C in March 2009. In the arbitration proceedings, the Group seeks full compensation for the expropriation of its former Group company, Holcim Venezuela, by the Venezuelan Government. The Nationalization Decree became effective on June 18, 2008. See "Business Description — Legal Proceedings." Developments relating to any of the risks described above in an emerging market in which the Group has a significant presence could result in lower profits and/or a loss in value of its assets. There can be no assurance that the Group's financial condition and results of operations will not be materially adversely affected through its exposure to emerging markets.

Currency risks

The Group operates internationally and faces foreign exchange risks arising from various currency exposures. The Group operates in over 70 countries worldwide and movements in exchange rates have a significant influence on the Group's business, results of operations and financial condition. The translation of local statements of financial position and statements of income into the Group's reporting currency (Swiss francs) leads to currency translation effects which the Group normally does not actively hedge in the financial markets. In the financial year 2008, the negative effect of foreign currency translation on net sales amounted to CHF 2,749 million, compared to a positive effect of CHF 391 million in 2007. The negative effect of exchange rates on the translation of operating profit into Swiss francs amounted to CHF 376 million in 2008, compared to a positive effect of CHF 47 million in 2007. Finally, the negative effect of currency translation on cash flow from operating activities amounted to CHF 369 million in the financial year 2008, compared to a positive effect of CHF 53 million in 2007. In addition, the statement of financial position is only partially hedged by debt in foreign currencies and therefore a significant decrease in the aggregate value of such local currencies against the Swiss franc may have a material effect on the Group's shareholders' equity.

Currency fluctuations can also result in the recognition of exchange rate losses on transactions, which are reflected in the Group's consolidated statement of income. Foreign exchange losses (net) amounted to CHF 82 million in 2008 compared to CHF 31 million in 2007. Significant fluctuations in the aggregate value of local currencies against the Swiss franc may have a material effect on the Group's consolidated statement of financial position items. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Trends and Factors Affecting Results of Operations — Currency Exchange Rates" and "Management's Discussion and Analysis of Results of Operations and Financial Condition — Quantitative and Qualitative Exposure to Market Risk — Foreign Exchange Risk."

Capital expenditure program

Cement production is capital intensive. The Group's capital expenditure program comprises both capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness and expansion capital expenditure in connection with the implementation of new growth projects. In response to changing market conditions, the Group may continue to undertake already approved expansion and maintenance projects. There can be no assurance that such growth projects will be completed on time or to budget. Factors that could result in planned capital expenditure projects being delayed or cancelled include changes in economic conditions, construction difficulties and cost overruns. In developed countries in particular, it may become difficult to obtain permits for new installations and quarries and the extension in time of existing permits may become more challenging. Difficulties with permits could result in significant delays of future investments and growth or even in the suspension of particular projects. Increased funding costs or greater difficulty in accessing financing to satisfy the Group's committed capital expenditure program may have a material adverse effect on the Group's business, financial condition and results of operations.

Acquisition of businesses

As part of its growth strategy, the Group has made, and in the future may make, selective acquisitions to strengthen and develop its existing activities, particularly in geographic areas it believes to be growth areas. The Group intends to pursue only those acquisition opportunities that complement the Group's strategy and have the potential to create value for its stakeholders. The successful implementation of such an acquisition strategy depends on a range of factors, including the Group's ability to:

- identify appropriate opportunities;
- complete acquisitions at an appropriate cost; and
- in certain cases, secure funding for such acquisitions in the bank or capital markets.

In the event that the Group does not identify and acquire suitable assets in the future, it may not, in the long term, be able to grow at its historic rate. There may also be restrictions on the ability of the Group to carry out acquisitions due to merger regulations in some jurisdictions.

There may also be substantial challenges or delays in integrating and adding value to the businesses acquired or to be acquired by the Group. The costs of integration could be materially higher than budgeted and the Group may fail to realize synergies expected from such acquisitions. The challenges presented by integrating new businesses may be greater in emerging markets as a result of cultural and linguistic difficulties. Material costs or delays in connection with the integration of the operations that the Group acquires or the inability to realize any expected synergies from those acquisitions could have a material adverse effect on the Group's business, financial condition and results of operations.

Any acquisitions that the Group has completed or may complete are (or will be) accompanied by other risks commonly encountered with acquisitions of companies or businesses, such as potential disruption to the Group's businesses, the assumption of unexpected or greater than expected liabilities relating to the acquired assets or businesses (including environmental liabilities arising from contaminated sites) and the possibility that indemnification agreements with the sellers of such assets may be non-existent, unenforceable or insufficient to cover all potential liabilities, the possibility of regulatory interference, the imposition and maintenance of regulatory controls, procedures and policies and the impairment of relationships with employees and counterparties as a result of difficulties arising out of integration. Moreover, the value of any business that the Group acquires or invests in may be less than the consideration the Group has paid. For example, on June 15, 2009, the Guarantor announced that it had agreed to acquire Cemex Australia Holdings Pty Ltd. ("CEMEX Australia Holdings").

Investments in certain jurisdictions are regulated by, inter alia, foreign investment regulations. There can be no assurance that the Group will be able to obtain or maintain all governmental approvals required in all jurisdictions in which it makes investments.

Announcements concerning potential acquisitions and investments could be made at any time. These acquisitions and investments, if they occur, may have a negative effect on the Group. Past and future acquisitions of businesses may lead to increased or additional exposure to categories of liability, including product liability, to which the Group was previously not exposed or exposed to a lesser extent. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Factors Affecting the Comparability of Results of Operations — Changes in Scope of Consolidation."

The Group relies on third parties for the performance of logistical services

The Group relies upon third party service providers for certain aspects of its business, particularly the transport of its products to its customers. The Group's ability to service its customers at a reasonable cost depends, in many cases, upon its ability to negotiate reasonable terms with carriers including railroads, trucking companies and barge companies. Due to the heavy weight of its products, the Group incurs substantial transportation costs. To the extent that the Group's third party carriers increase their rates, including to reflect higher labor, maintenance, fuel or other costs they may incur, the Group may be forced to pay such increased rates sooner than it is able to pass on such increases to customers, if at all. Any material increases in the Group's transportation costs that it is unable to pass on to customers fully could materially adversely affect its business, results of operations, financial condition or prospects.

In addition, the Group's costs relating to shipments by barges have in the past been and may be increased in the future as a result of a shortage of barges and logistical problems resulting from high demand. Any such occurrences could adversely affect the Group's business, results of operations, financial condition or prospects.

Risks of business interruption, production curtailment or loss of assets

Due to the high fixed-cost nature of the building material industry, interruptions in production capabilities at any facility may cause the productivity and results of operations of an industry participant to decline significantly during the affected period. The manufacturing processes of producers of building materials and related services are dependent upon critical pieces of equipment such as cement kilns, crushers, grinders and others. On occasion, this equipment may be out of service as a result of strikes, unanticipated failures, accidents or force majeure events. In addition, there is a risk that equipment or production facilities may be damaged or destroyed by such events.

Seasonal nature of construction business

During the winter season there is typically lower activity in the construction sector, especially in the northern hemisphere where winter conditions make large-scale construction projects difficult, resulting in lower demand for construction material.

The Group typically experiences a reduction in sales during the first and fourth quarters reflecting the effect of the winter season in Europe and North America and typically experiences an increase in sales in the second and third quarters reflecting the effect of the summer season in these markets. This effect can be especially pronounced during harsh winters. For example, in the first quarter of 2009, construction activity suffered from the severe and prolonged winter.

If these adverse climatic conditions are unusually intense, occur unexpectedly or last longer than usual in major geographic markets, especially during seasonal peak construction periods, this could have a material adverse effect on the Group's results of operations and financial condition.

Impairment risks of non-financial assets

The cement and, to a lesser extent, the aggregates and the other construction materials businesses, are very capital intensive. At each statement of financial position date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of a non-financial asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized in the statement of income and may therefore have a material effect on the Group's results of operations and financial condition.

Risk of international terrorism

In the aftermath of the terrorist attacks in the United States on September 11, 2001 and further attacks and threats all over the world, there can be no assurance that there will be no other attacks or threats. Such attacks or threats may lead to a further economic contraction, an increase in economic uncertainty or even to a weakening of different economies. Consequently, this may lead to an adverse effect on public and private construction expenditures, which could result in a reduction in the consumption of cementitious products, aggregates and other construction materials and services provided by the Group.

Minority interests and minority participations

The Group conducts its business through subsidiaries. In some cases, minority shareholders hold significant interests in its subsidiaries. Various disadvantages may result from the participation of minority shareholders whose interests may not always coincide with the interests of the Group. The presence of minority interests may, among other things, impede the Group's ability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets in the most effective way.

In certain jurisdictions, the Group has entered into shareholders' and/or joint venture agreements with respect to the corresponding participation in such jurisdiction. Such contractual obligations may limit the Group's freedom of action and/or may result, under certain circumstances, in financial obligations of the Group towards such contracting partners. Certain joint venture agreements contain "deadlock" provisions that may result in put and/or call options becoming exercisable in the event of disagreements, rights of first refusal or the sale of the joint venture. The Group could be required to expend significant sums to perform its obligations under these options. In addition, stable relationships with local joint venture partners may be critical to the success of the Group's operations in these jurisdictions. There can be no assurance that relationships with joint venture partners will remain stable or that joint venture partners will not be acquired by competitors of the Group.

In certain of its operations, including in China, the Group has a significant but not always a controlling interest. Under the governing documents for certain of these partnerships and corporations, certain key matters, such as the approval of business plans and decisions as to the timing and amount of cash distributions, may require the consent of the Group's partners or may be approved without the Group's consent. These limitations could constrain the Group's ability to pursue its corporate objectives in the future.

Litigation risks

In the ordinary course of business, the Group is involved, and may in the future become involved, in lawsuits, claims, investigations and proceedings, including product liability, ownership, commercial, environment, health and safety matters, social security and tax claims. Such proceedings may have a material adverse effect on the reputation of the Group. In addition, there can be no assurance that such proceedings will not have a material adverse effect on the asset position, financial condition and results of the Group's operations. See "Business Description — Legal Proceedings."

Risks relating to availability of raw materials

Availability of the raw materials used in the manufacture of the Group's products at a reasonable cost, in particular limestone and aggregates, is a significant factor in the operations of the Group. Accordingly, any limitations on the Group's ability to obtain the various raw materials it needs to produce its products and deliver its services could have a material adverse effect on its results of operations. In addition, the Group may be unable to increase selling prices in response to increases in raw materials costs, which may result in a material adverse effect in the Group's results of operations.

Risks related to the taxation in Bermuda of Holcim Capital Corporation Ltd.

The Bermuda Minister of Finance, under the Exempted Undertakings Tax Protection Act 1966, as amended, of Bermuda, has given Holcim Capital Corporation Ltd. an assurance that if any legislation is enacted in Bermuda that would "impose tax computed on profits or income or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition" of any such tax will not be applicable to Holcim Capital Corporation Ltd. or any of its operations, shares, debentures or other obligations until March 28, 2016. Given the limited duration of the Minister of Finance's assurance, however, it is possible that after March 28, 2016, Holcim Capital Corporation Ltd. may be subject to Bermuda taxes.

Direct creditors of subsidiaries of the Guarantor will generally have superior claims to cash flows from those subsidiaries

As a holding company, the Guarantor will depend upon cash flows received from its subsidiaries to meet its payment obligations under the Notes and each Guarantee. Since the creditors of any subsidiary of the Guarantor generally would have a right to receive payment that is superior to the Guarantor's right to receive payment from the assets of that subsidiary, holders of the Notes will be effectively subordinated to creditors of those subsidiaries insofar as cash flows from those subsidiaries are relevant to the Notes. The terms and conditions of the Notes do not limit the amount of liabilities that Group subsidiaries may incur. In addition, the Guarantor may not necessarily have access to the full amount of cash flows generated by its operating subsidiaries, due in particular to legal or tax constraints, contractual restrictions and the subsidiary's financial requirements.

Risks relating to the Notes

Notes subject to optional redemption by the Relevant Issuer

The optional redemption feature contained in each series of the Notes may limit the market value of the Notes. The market value of the Notes will not rise substantially above the price at which they can be redeemed. The Relevant Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

The Group may incur substantial additional indebtedness in the future

The Group may incur substantial additional indebtedness, including in connection with capital expenditure programs and future acquisitions. The terms of the Notes will not limit the amount of indebtedness the Group may incur. Any such incurrence of additional indebtedness could exacerbate the related risks that the Group now faces or pose new risks not described in this Offering Memorandum.

Modification, waivers and substitution

The Terms and Conditions of each series of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of each series of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorization of any breach or proposed breach of, any of the provisions of Notes, or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company directly or indirectly owned and majority controlled by the Guarantor as principal debtor under the Notes in place of the Relevant Issuer or as Guarantor of the Notes, in the circumstances described in Condition 10 of the Terms and Conditions of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each member state is required, from July 1, 2005, to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such person for, an individual resident or certain limited types of entities established in that other member state. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting tax at rates rising over time to 35% (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries including Switzerland and territories (each a "non-EU Country") have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

On November 13, 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on April 24, 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a member state or a non-EU Country which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Relevant Issuer is required to maintain a Paying Agent in a member state that is not obliged to withhold or deduct tax pursuant to the Directive.

The secondary market generally

The Notes are new securities for which there is currently no established market.

The Group cannot assure prospective investors as to:

- the liquidity of any market in the Notes;
- a prospective investor's ability to sell Notes; or
- the prices at which a prospective investor would be able to sell Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, the Group's operating results and the market for similar securities. The liquidity of the trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on prospective investors, as holders of the Notes, regardless of the prospects and financial performance of the Group. The Initial Purchasers of the Notes have advised the Group that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obliged to do so, and they may discontinue any market-making activities at any time without notice. As a result, there can be no assurance that there will be an active trading market for the Notes. Because of the restrictions on resale and the potential lack of a trading market, prospective investors may not be able to resell their Notes. If prospective investors are able to resell their Notes, they may not be able to resell them at or above the price they paid for them.

Although an application has been made for the Notes to be listed on the Official List and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, the Group cannot assure prospective investors that the Notes will become or remain listed. Although no assurance can be made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF Market, failure to be approved for listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market.

In addition, the Terms and Conditions of the Notes allow the Group to issue additional Notes in the future, which could adversely impact the liquidity of the Notes. The Notes are also subject to restrictions on transfer, including a prohibition on sales to the public in the United States.

Exchange rate risks and exchange controls

The Relevant Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

The Notes are expected to be assigned a rating of BBB by Standard & Poor's Ratings Services, Baa2 by Moody's Investors Services, Inc. and BBB by Fitch Ratings. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold the Notes and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Investors may be unable to recover from the Guarantor in civil proceedings for violations of U.S. securities laws

The Guarantor is organized under the laws of Switzerland. Many of its assets are located outside the United States. In addition, all of the members of its Board of Directors and officers are residents of countries other than the United States. As a result, it may be impossible for investors to effect service of process within the United States upon the Guarantor or these persons, or to enforce against the Guarantor or them judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. There can be no assurance that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in Switzerland.

USE OF PROCEEDS

The net proceeds from the Offering will be approximately U.S.$977,000,000 after deduction for offering commissions and estimated expenses.

The net proceeds of the Offering will be used outside Switzerland, both for general corporate purposes of the Group and for repayment of existing debt.

EXCHANGE RATE INFORMATION

The following table sets forth for information purposes only, for the periods and dates indicated, certain information, concerning the exchange rates for Swiss Francs, expressed in U.S. dollars per Swiss franc:

Year	Period End	Average	High	Low
2004	0.88	0.81	0.89	0.76
2005	0.76	0.80	0.89	0.75
2006	0.82	0.80	0.84	0.76
2007	0.88	0.84	0.92	0.80
2008	0.94	0.93	1.03	0.81
2009 (through September 17, 2009)	0.97	0.90	0.97	0.84

Month	Period End	Average	High	Low
January 2009	0.86	0.89	0.94	0.85
February 2009	0.86	0.86	0.88	0.84
March 2009	0.87	0.87	0.90	0.84
April 2009	0.87	0.87	0.89	0.85
May 2009	0.94	0.90	0.94	0.88
June 2009	0.92	0.93	0.94	0.91
July 2009	0.94	0.93	0.94	0.92
August 2009	0.95	0.94	0.95	0.92
September 2009 (through September 17, 2009)	0.97	0.96	0.97	0.94

Source: Bloomberg

The following table sets forth for information purposes only, for the periods and dates indicated, certain information concerning the exchange rates for Swiss francs, expressed in euros per Swiss franc:

Year	Period End	Average	High	Low
2004	0.65	0.65	0.67	0.63
2005	0.64	0.65	0.65	0.64
2006	0.62	0.63	0.65	0.62
2007	0.60	0.61	0.63	0.59
2008	0.67	0.63	0.70	0.60
2009 (through September 17, 2009)	0.66	0.66	0.69	0.65

Month	Period End	Average	High	Low
January 2009	0.67	0.67	0.68	0.66
February 2009	0.68	0.67	0.68	0.66
March 2009	0.66	0.66	0.69	0.65
April 2009	0.66	0.66	0.67	0.65
May 2009	0.66	0.66	0.67	0.66
June 2009	0.66	0.66	0.67	0.65
July 2009	0.66	0.66	0.66	0.65
August 2009	0.66	0.66	0.66	0.65
September 2009 (through September 17, 2009)	0.66	0.66	0.66	0.65

Source: Bloomberg

The above translations are solely for the benefit of the reader. Unless otherwise noted, all translations of Swiss franc amounts into U.S. dollars and euro are based on the exchange rates used in the Consolidated Financial Statements.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the Group's cash and cash equivalents, short-term liabilities and the consolidated capitalization of the Group (i) as at June 30, 2009 and (ii) as adjusted to give effect to the completion of the Offering, assuming net proceeds from the Offering of U.S.$977,000,000.

Investors should read this table in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Consolidated Financial Statements and Consolidated Interim Financial Statements of the Group included elsewhere in this Offering Memorandum and the related notes thereto.

	As at June 30, 2009	
	Actual	**As Adjusted**
	(In CHF million) (Unaudited)	
Cash and cash equivalents	3,680	4,687
Current Liabilities:		
Trade accounts payable	2,033	2,033
Current financial liabilities	5,732	5,732
Other current liabilities[(1)]	2,501	2,501
Total current liabilities	10,266	10,266
Long-term Liabilities:		
Long-term financial liabilities	13,996	15,003
Defined benefit obligations	373	373
Deferred tax liabilities	2,210	2,210
Long-term provisions	1,255	1,255
Total long-term liabilities	17,834	18,841
Total liabilities	28,100	29,107
Shareholders' Equity:		
Share capital	554	554
Capital surplus	7,423	7,423
Treasury shares	(397)	(397)
Reserves	9,159	9,159
Total equity attributable to shareholders of Holcim Ltd	16,739	16,739
Minority interest	2,841	2,841
Total shareholders' equity	19,580	19,580
Total liabilities and shareholders' equity	47,680	48,687

Note:

(1) Including short-term provisions and liabilities directly associated with assets classified as held for sale and current tax liabilities.

In addition, the following material changes to the Group's capitalization and indebtedness have occurred since June 30, 2009:

(i) On July 8, 2009, the extraordinary shareholders' meeting of Holcim Ltd resolved to increase the Company's share capital through a rights issue from CHF 553,530,790 to CHF 654,172,752 by issuing 50,320,981 fully paid-in registered shares with a par value of CHF 2 each. The subscription price for the new registered shares was CHF 42, which corresponded to gross proceeds of CHF 2.1 billion. The cash proceeds were intended to be used to finance the acquisition of Cemex Australia Holdings, and also to affirm its strategic partnership in China through the participation in the planned private placement of Huaxin. The new registered shares were listed on July 20, 2009 under the Main Standard of the SIX Swiss Exchange.

(ii) Holcim Ltd issued CHF 1 billion 4.00% guaranteed notes due December 9, 2013 on July 9, 2009 and CHF 450 million 4.00% guaranteed notes due September 11, 2018 on September 11, 2009 under Holcim's Euro Medium Term Note Programme.

(iii) Holcim Finance (Luxembourg) S.A. issued EUR 200 million 6.35% guaranteed notes due November 6, 2017 on July 27, 2009 under Holcim's Euro Medium Term Note Programme.

(iv) Holcim Finance (Australia) Pty Ltd issued AUD 500 million 8.50% guaranteed notes due August 7, 2012 on August 7, 2009.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The selected historical consolidated financial information set out below has been extracted or derived from the Consolidated Financial Statements and the Consolidated Interim Financial Statements of the Group. This data should be read in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the Consolidated Financial Statements and Consolidated Interim Financial Statements included elsewhere in this Offering Memorandum and the related notes thereto.

Consolidated Statement of Income Data

	Six Months Ended June 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
	(Unaudited)		(In CHF million)		
Net sales	**10,082**	**12,434**	**25,157**	**27,052**	**23,969**
Production cost of goods sold	(5,766)	(6,724)	(14,116)	(14,073)	(12,616)
Gross profit	**4,316**	**5,710**	**11,041**	**12,979**	**11,353**
Distribution and selling expenses	(2,313)	(2,889)	(5,921)	(6,150)	(5,358)
Administration expenses	(697)	(857)	(1,760)	(1,805)	(1,610)
Operating profit	**1,306**	**1,964**	**3,360**	**5,024**	**4,385**
Other income	18	48	19	1,242	97
Share of profit of associates	140	100	229	259	89
Financial income	90	92	271	227	188
Financial expenses	(435)	(413)	(990)	(1,006)	(962)
Net income before taxes	**1,119**	**1,791**	**2,889**	**5,746**	**3,797**
Income taxes	(332)	(453)	(663)	(1,201)	(1,078)
Net income	**787**	**1,338**	**2,226**	**4,545**	**2,719**
Attributable to:					
Equity holders of Holcim Ltd	527	1,066	1,782	3,865	2,104
Minority interest	260	272	444	680	615

Consolidated Statement of Financial Position Data

	As at June 30,		As at December 31,		
	2009	2008	2008	2007	2006
	(Unaudited)		(In CHF million)		
Cash and cash equivalents	3,680	3,170	3,605	3,345	3,208
Marketable securities	5	12	5	27	15
Accounts receivable	3,825	4,512	3,116	4,073	3,659
Inventories	2,382	2,551	2,482	2,535	2,282
Prepaid expenses and other current assets	496	668	385	348	464
Assets classified as held for sale	383	29[(1)]	401	44[(1)]	119[(1)]
Total current assets	**10,771**	**10,942**	**9,994**	**10,372**	**9,747**
Long-term financial assets	743	890	715	639	689
Investments in associates	1,396	1,359	1,341	809	727
Property, plant and equipment	24,292	23,739	23,262	25,011	23,831
Intangible and other assets	10,162	10,207	9,613	11,076	9,419
Deferred tax assets	316	219	268	304	289
Total long-term assets	**36,909**	**36,414**	**35,199**	**37,839**	**34,955**
Total assets	**47,680**	**47,356**	**45,193**	**48,211**	**44,702**
Trade accounts payable	2,033	2,578	2,566	2,924	2,568
Current financial liabilities	5,732	5,898	5,863	3,616	3,590
Current tax liabilities	403	245	349	332	271
Other current liabilities	1,776	1,938	1,734	1,961	2,064
Short-term provisions	267	227	201	192	128
Liabilities directly associated with assets classified as held for sale	55	0	52	0	0
Total current liabilities	**10,266**	**10,886**	**10,765**	**9,025**	**8,621**
Long-term financial liabilities	13,996	12,435	12,789	12,629	12,470
Defined benefit obligations	373	396	334	416	488
Deferred tax liabilities	2,210	2,587	2,157	2,900	3,023
Long-term provisions	1,255	1,215	1,174	1,296	1,375
Total long-term liabilities	**17,834**	**16,633**	**16,454**	**17,241**	**17,356**
Total liabilities	**28,100**	**27,519**	**27,219**	**26,266**	**25,977**
Share capital	554	527	527	527	511
Capital surplus	7,423	6,873	6,870	6,879	6,085
Treasury shares	(397)	(71)	(401)	(67)	(62)
Reserves	9,159	9,808	8,362	11,443	8,643
Total equity attributable to shareholders of Holcim Ltd	**16,739**	**17,137**	**15,358**	**18,782**	**15,177**
Minority interest	2,841	2,700	2,616	3,163	3,548
Total shareholders' equity	**19,580**	**19,837**	**17,974**	**21,945**	**18,725**
Total liabilities and shareholders' equity	**47,680**	**47,356**	**45,193**	**48,211**	**44,702**

Note:

(1) Reclassified from prepaid expenses and other current assets.

Consolidated Cash Flow Data

	Six Months Ended June 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
	(Unaudited)		(In CHF million)		
Cash flow (used in) from operating activities(A)	805	664	3,703	5,323	4,423
Cash flow used in investing activities(B)	(1,717)	(2,639)	(5,475)	(5,565)	(4,381)
Cash flow (used in) from financing activities(C)	585	2,085	2,667	390	(132)
In(De)crease in cash and cash equivalents (A+B+C)	(327)	110	895	148	(90)
Cash and cash equivalents as at the beginning of the period	3,611	3,345	3,345	3,208	3,332
In(De)crease in cash and cash equivalents	(327)	110	895	148	(90)
Currency translation effects	128	(285)	(629)	(11)	(34)
Cash and cash equivalents as at the end of the period	3,412(2)	3,170	3,611(1)	3,345	3,208

Notes:

(1) Cash and cash equivalents at the end of the period include CHF 6 million disclosed in assets held for sale.

(2) Cash and cash equivalents at the period include bank overdrafts of CHF 273 million, disclosed in current financial liabilities, and CHF 5 million, disclosed in assets classified as held for sale.

Additional Operating Data and Key Figures

	As at and for the Six Months Ended June 30,		As at and for the Year Ended December 31,		
	2009	2008	2008	2007	2006
	(Unaudited)		(In CHF million unless otherwise stated)		
Statement of income					
Operating EBITDA(1)	2,143	2,802	5,333	6,930	6,086
Operating EBITDA margin(2) (%)	21.3	22.5	21.2	25.6	25.4
EBITDA(3)	2,349	2,970	5,708	8,468	6,333
Operating profit margin (%)	13.0	15.8	13.4	18.6	18.3
Depreciation, amortization and impairment	839	839	1,985	1,919	1,723
EBIT(4)	1,510	2,131	3,723	6,549	4,610
Tax rate (%)	30	25	23	21	28
Net income margin (%)	7.8	10.8	8.8	16.8	11.3
Statement of cash flows					
Cash flow margin (%)	8.0	5.3	14.7	19.7	18.5
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	111	429	1,104	1,043	1,062
Expansion investments	1,026	1,283	3,287	2,245	1,265
Purchase of financial assets, intangible, other assets and businesses net	580	927	1,084	2,277	2,054
Statement of financial position					
Shareholders' equity as percentage of total assets	41.1	41.9	39.8	45.5	41.9
Net financial debt(5)	16,048	15,163	15,047	12,873	12,837
Capacity, sales and personnel					
Annual production capacity cement (million t)	192.5	195.7	194.4	197.8	197.8
Sales of cement (million t)	65.1	72.5	143.4	149.6	140.7
Sales of mineral components (million t)	1.5	2.2	4.8	5.5	6.0
Sales of aggregates (million t)	62.5	79.7	167.7	187.9	187.6
Sales of ready-mix concrete (million cubic meters)	19.3	23.6	48.5	45.2	44.2
Personnel (at period end)	81,522	92,414	86,713	89,364	88,783

	As at and for the Six Months Ended June 30,		As at and for the Year Ended December 31,		
	2009	2008	2008	2007	2006
	(In CHF million unless otherwise stated) (Unaudited)				
Financial ratios					
Return on equity(6) (%)	n.m.(12)	n.m.(12)	10.4	22.8	15.8
Gearing(7) (%)	82.0	76.4	83.7	58.7	68.6
Funds from operations/net financial debt(8) (%)	n.m.(12)	n.m.(12)	28.0	50.2	34.6
EBITDA net interest coverage(9)	7.0	9.1	7.6	11.0	6.8
EBIT net interest coverage(10)	4.3	6.6	4.9	8.5	5.0
Earnings per dividend-bearing share(11) (CHF)	1.88	3.73	6.27	13.66	7.94

Notes:

(1) Operating EBITDA is calculated as operating profit before depreciation, amortization and impairment of operating assets. See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which operating EBITDA is presented and "Summary Financial and Other Data" for a reconciliation of operating EBITDA to net income.

(2) Operating EBITDA margin is calculated as operating EBITDA divided by net sales.

(3) EBITDA is calculated as net income before income taxes, interest earned on cash and marketable securities, financial expenses, and depreciation, amortization and impairment of operating and non-operating assets. See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which EBITDA is presented and "Summary Financial and Other Data" for a reconciliation of EBITDA to net income.

(4) EBIT is calculated as net income before income taxes, interest earned on cash and marketable securities and financial expenses. See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which EBIT is presented and "Summary Financial and Other Data" for a reconciliation of EBIT to net income.

(5) Net financial debt is calculated as current financial liabilities plus long-term financial liabilities less cash and cash equivalents (excluding marketable securities for 2008 annual figures and onwards and including marketable securities for 2007 and 2006 annual figures). See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which net financial debt is presented and "Summary Financial and Other Data" for a reconciliation of net financial debt.

(6) Excludes minority interest.

(7) Gearing is calculated as net financial debt divided by total shareholders' equity.

(8) Funds from operations is calculated as net income plus depreciation, amortization and impairment of operating assets and non-operating assets. See "Presentation of Financial and Other Information — Certain Non-IFRS Measures" for further details of the basis upon which funds from operations is presented and "Summary Financial and Other Data" for a reconciliation of funds from operations to net income.

(9) EBITDA net interest coverage is calculated as EBITDA (12 months rolling) divided by net interest (12 months rolling).

(10) EBIT net interest coverage is calculated as EBIT (12 months rolling) divided by net interest (12 months rolling).

(11) Earnings per dividend-bearing share is calculated as net income attributable to equity holders of the Guarantor divided by the average number of shares outstanding on the relevant date. The average number of shares outstanding was retrospectively increased by 5% to reflect the 1:20 ratio of the stock dividend and by an additional 3.6% to reflect the bonus element for existing shareholders in the rights issue for all periods presented.

(12) Not meaningful.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion should be read in conjunction with the selected consolidated financial data and the Consolidated Financial Statements and Consolidated Interim Financial Statements and the related notes thereto included elsewhere in this Offering Memorandum. The Consolidated Financial Statements and Consolidated Interim Financial Statements have been prepared in accordance with IFRS. This discussion contains forward-looking statements based on the Group's current expectations, assumptions, estimates and projections about the Group and its industry. These forward-looking statements involve risks and uncertainties. The actual results of the Group's business could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those described under "Risk Factors" and elsewhere in this Offering Memorandum.

Overview

The Group is one of the world's leading producers of cement and aggregates. The Group also supplies ready-mix concrete, concrete products, asphalt as well as a range of services. The Group operates in more than 70 countries and employs approximately 82,000 personnel. As at December 31, 2008, the Group operated a total of 151 cement and grinding plants and owned 415 aggregate operations, 1,217 ready-mix concrete plants and 125 asphalt plants worldwide. As at June 30, 2009, the Group had an installed annual production capacity of 192.5 million tonnes of cement. The Group divides its business activities along geographical regions and into three principal segments: cement, aggregates, and other construction materials and services.

Trends and Factors Affecting Results of Operations

Traditionally, the manufacture and sale of cement, aggregates and other construction materials and services has been a local business operated by local companies, principally due to the high transportation costs of the products compared to selling prices. These local production companies are relatively dependent on the local economy, particularly the local construction industry, and have limited ability to respond to changes in the economic and competitive environment.

The Group's substantial resources and geographical diversification of a global producer give it considerable flexibility in responding to and managing local market developments. The following factors are important contributors to the results of a global producer of building materials such as the Group:

The Cyclicality of the Construction Market

The construction industry is cyclical and demand for building materials and services is affected by a number of macro-economic factors such as GDP, demographic trends, interest rates, employment and governmental development policies. The prime drivers of demand are different in developed and emerging markets.

In most mature economies, population growth tends to be nearly flat whereas GDP, public infrastructure spending and interest rates are the prime drivers of the construction cycles. Commercial and infrastructure projects dominate. The construction industry is highly developed and efficient and thus, the share of bulk cement, aggregates and other construction materials and services is high. Additionally, due to environmental restrictions, obtaining appropriate permission is becoming difficult as scarcity characterizes the market condition of aggregates.

In emerging markets, population and GDP growth are the main drivers of the growth trend in building materials demand. Bag sales by a large number of distributors thus dominate the cement market. The attractiveness of aggregates and downstream activities is rising in big cities as professionalism in construction grows and demand for ready-mix concrete increases.

Turmoil in the financial sector intensified during 2008 and had a negative impact on the global real economy. The situation deteriorated markedly in the fourth quarter of 2008, in particular in the United States and Europe. As a consequence, some of the Group's key markets, including the United States, the

United Kingdom, Spain and Russia, entered into a recession. The impact of this downturn on the construction materials markets of the individual Group regions varied. In particular, the United States, United Kingdom, Spain and Russia experienced sharp decreases in demand for construction materials in 2008. In the second half of the year, the impact was also felt across Western Europe. The continuing positive market development in India was adversely affected by rising energy costs, while other Group regions still made good progress, albeit tailing off during the course of the year. In light of the economic environment, the Group decided to make a focused effort to cut costs and adjust capacity to market requirements. During the first half of 2009, demand for construction services declined again in North America as well as in Western and Eastern Europe. The announced government stimulus packages have yet to make an impact on the construction sector, although in the US the negative trend slowed in the second quarter.

Geographic Diversification

Many of the factors described above, including the state of the construction industry and of competition, are local phenomena that can vary widely from region to region at any given time. The Group's ability to achieve a consistent level of results on a Group level relies to a great extent on its geographic diversification. In 2008, 38.3% of the Group's total net sales including intra-Group sales were provided by its operations in Europe (compared to 37.3% in the same period of 2007), 17.3% by North America (compared to 19.2% in the same period of 2007), 15.9% by Latin America (compared to 14.4% in the same period of 2007), 5.2% by the Africa Middle East region (compared to 6.6% in the same period of 2007) and 23.3% by Asia Pacific (compared to 22.6% in the same period of 2007).

Seasonality

Demand for cement, aggregates and other construction materials and related services is seasonal because weather conditions affect the level of activity in the construction sector. Companies in the construction sector, including the Group, typically experience a decrease in sales in the first and fourth quarter reflecting the effect of the winter season in the European and North American markets and an increase in sales in the second and third quarter reflecting the effect of the summer season. These seasonal fluctuations can have a material effect on the Group's business, results of operations and financial condition, especially during harsh winters.

Ability to React Quickly to Changes in Market Conditions

The construction industry, and thus the demand for cement and aggregates and other construction materials and services, is volatile in many parts of the world. Emerging markets tend, in general, to be more volatile than mature markets and volatility can lead to fluctuations in capacity utilization. During the Asian economic crisis in the 1990s, for example, many markets in that area saw demand for cement decline for five consecutive years. The results of cement manufacturers thus depend in part on their ability to react swiftly and effectively to these changes in market conditions. During periods of downturn, this may require closing or "moth-balling" (temporary closure) under-utilized facilities or, alternatively, replacing that production with imported cement or clinker. On the other hand, there may often be export opportunities. The Group believes that its geographically widespread operations provide an excellent network to balance supply and demand globally through the Group's trading service organization, particularly in emerging markets. The Group also believes that its wide network of import silos and clinker grinding plants in permanent structural import markets enable it to actively manage changes in demand for cement. The Group therefore believes that it is well positioned to react swiftly to changes in market conditions.

The Group also believes that it has the ability to react quickly to changes in market demand in the other two segments (aggregates and other construction materials and services) by, for example, reducing the number of work shifts and by the closing of pits and quarries.

In response to declining demand in 2008, the Group has shut down more than 100 production locations across all segments. In particular, in view of the increasingly difficult market situation in Spain and the United States, the Group decided to close the cement plants of Torredonjimeno in Spain and Dundee and Clarksville in the United States. The cost of these closures amounted to CHF 308 million and was recognized in 2008. CHF 120 million of the total was charged to operating EBITDA and CHF 188 million was recorded as depreciation. The Group has also announced plans to moth-ball the plants at Artesia and Mason City in the United States and idled some kilns in other countries.

Additionally, spending on replacement and rationalization has been reduced to a minimum. A focused adjustment of fixed costs, including targeted staff reductions, moth-balling of additional facilities and reduction in third party services costs, is in progress in all areas at the Group and Group company level. A Group-wide cost-cutting program has been implemented. By June 30, 2009, fixed costs have been reduced by CHF 381 million, which is more than the targeted annual reduction, mainly due to the capacity reduction in critical markets.

The Group also believes that it is well positioned to benefit from the significant economic stimulus plans announced by various governments around the world, in particular from investments in infrastructure. The Group expects that such infrastructure investments will provide the basis for building material demand over the next two to three years.

Costs of Energy, Raw Materials and Transportation

The principal elements of production costs are material expenses, fuel expenses, electricity and personnel expenses. The Group's results of operations are therefore significantly affected by movements in the prices of raw materials, fuel and electricity. Cement production requires a high level of energy consumption, especially for the kilning and grinding process in cement manufacture. Consequently, for many years, the Group has mitigated the trend of rising energy costs by partly substituting thermal energy with alternative fuels and by reducing the clinker content in the final product cement. Depending on pricing pressures in a particular market, suppliers of building materials and services may not always be able to pass on fluctuations in fuel costs to their customers.

Transportation of finished cement, clinker or aggregates could likewise be expensive and an increase in energy prices typically also results in an increase in transportation costs. This has historically led cement producers to focus on markets within a radius of approximately 100km for road transportation of their production facilities and approximately 700km for rail transportation. The transportation radius of aggregates suppliers is well below 100km. Facilities located close to active ports, however, can ship their products over a wider geographic area, which allows them to service a larger market and to help meet the demands of changing market conditions in other regions.

During the first half of 2008, the price of energy and raw materials increased, leading to an increase in production costs. The subsequent fall in prices of energy and raw materials in the second half of the year had a delayed impact on costs. This time lag is due to the fact that a substantial proportion of raw materials are secured under long-term purchase agreements and the inventory held in storage depots is still valued at average cost. The impact of increases in fossil fuel expenses has been partially mitigated by the increased use of alternative fuels, which reflects the Group's efforts made in the past years to increase the use of alternative fuels and thereby reducing its dependence on fossil fuels.

Currency Exchange Rates

The Group reports its financial results in Swiss francs. Given the Group's international operations, it generates a predominant part of its results in currencies other than the Swiss franc, and is therefore exposed to currency translation effects, primarily from the U.S. dollar, pound sterling, euro and Indian rupee. In 2008, 19.3%, 11.5%, 18.2% and 13.5% of net sales were reported in U.S. dollars, pounds sterling, euro and Indian rupee, respectively. The translation of local balance sheets and statements of income into the Group's reporting currency leads to currency translation effects. Statements of income and cash flow in foreign currencies are translated at the average exchange rate for the year, whereas statements of financial position are translated at year-end exchange rates.

The strengthening of the Swiss franc against the U.S. dollar, pound sterling, euro and Indian rupee in 2008 added to the pressure on the consolidated statement of income. The U.S. dollar, the pound sterling and the euro lost substantial ground against the Swiss franc. In 2008, the negative effect of exchange rates on net sales amounted to CHF 2,749 million, compared to a positive effect of CHF 391 million in 2007 and a positive effect of CHF 246 million in 2006. The negative effect of exchange rates on operating profit amounted to CHF 376 million in 2008, compared to a positive effect of CHF 47 million in 2007 and a positive effect of CHF 22 million in 2006. Finally, the negative effect of exchange rates on cash flow from operating activities amounted to CHF 369 million in 2008, compared to a positive effect of CHF 53 million in 2007 and a positive effect of CHF 30 million in 2006.

The following table shows the impact of these currency fluctuations on the key items of the consolidated statement of income and on cash flow from operating activities in the six months ended June 30, 2009 and 2008 and the years ended December 31, 2008, 2007 and 2006:

	Six Months Ended June 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
	(Unaudited)		(In CHF million)		
Net sales	(912)	(1,224)	(2,749)	391	246
Operating profit	(133)	(196)	(376)	47	22
Cash flow from operating activities	(107)	(46)	(369)	53	30

The negative impact of exchange rate fluctuations on shareholders' equity was less significant since both assets and liabilities are affected by the currency translation in a similar way. In 2008, negative currency movements resulted in a CHF 4,687 million decrease in total shareholders' equity. In 2007 and 2006, negative currency movements resulted in decreases of CHF 450 million and CHF 619 million in total shareholders' equity, respectively. In the first two quarters of 2009, mainly currency movements of CHF1,008 million resulted in an increase in total shareholders' equity to CFH 19,580 million as compared to CHF 17,974 million as of the end of 2008.

As the Group produces a very high proportion of building materials locally, most costs are also incurred in local currencies, which helps mitigate the impact of foreign exchange movements on the Group. The effects of foreign exchange movements are therefore largely restricted to the translation of local financial statements into Swiss francs.

Investments

The Group's investment policies and product ranges are geared to the maturities of the markets it serves and resulting local consumer needs. In emerging markets, for example, the Group's main emphasis is on building up and expanding cement production whereas in mature markets, the focus is on ensuring high utilization of cement capacity. As an economy becomes increasingly mature, there is greater demand for aggregates, downstream activities and vertical integration, and the Group's product range is broadened in its mature markets.

During the financial year 2008, the Group commissioned 1.5 million tonnes of cement capacity Group-wide. The table below sets forth the Group's committed and approved near-term expansion projects in millions of tonnes of cement capacity as at June 30, 2009:

	Year of commissioning			
	2009	2010	2011	Total
	(In million tonnes)			
Europe	0.8	2.5	1.7	5.0
North America	4.0	—	—	4.0
Latin America	—	2.3	—	2.3
Africa Middle East	1.2	—	—	1.2
Asia Pacific	7.3	5.1	—	12.4
Total	13.3	9.9	1.7	24.9

As at June 30, 2009, Holcim had 24.9 million tonnes of committed and approved cement expansion projects primarily in Europe, North America and Asia Pacific. The Group has completed the construction of a new cement plant at Ste. Genevieve on the Mississippi River, which started operations end of August of 2009 with an annual capacity of 4 million tonnes of cement. Even though clinkler production has started, the official inauguration of the plant is in the spring of year 2010 after completion of commissioning activities and performance testing. The additional capacity meets the highest technological standards in terms of costs and environmental efficiency. In many cases, the new capacity is being built at existing plant locations, where Group companies already have robust market positions and guaranteed reserves of raw materials. See "— Liquidity and Capital Resources — Capital Expenditures" for further information regarding the Group's capital expenditures in the periods under review. The Group expects that most of the additional expansion projects will be commissioned in 2009.

In times of recession, previous expansion plans are reviewed in detail to verify their future potential to generate value. Despite the noticeable decline in demand in 2008, the Group has decided, apart from a small number of cutbacks to the previously approved projects, to continue with the expansion program announced at the beginning of 2007 until 2011. This is due to the fact the current expansion projects are focused on the long-term growth markets in Asia, Latin America, Russia and Azerbaijan, or, in the case of the new cement plant at the Mississippi River, on ensuring high utilization of cement capacity and decreasing production costs. However, new investments have been put on hold for the time being.

In addition, the Group is also committed to innovation along the entire value chain. The Group is committed to using new cementitious binders that offer a more competitive profile and are more sustainable than other products. Accordingly, the Group is producing composite cements containing special mineral components in addition to clinker and gypsum. Across the Group, the proportion of overall sales represented by composite cements has continued to rise over the past few years. In 2008, composite cements accounted for more than 70% of production volumes, compared to less than 30% for traditional Portland cement.

Ability to Achieve High Productivity

The ability to achieve high production utilization, particularly in cement manufacture and low production cost are principally functions of the age of the equipment. Newer equipment is typically larger in size and designed to recycle heat from the kiln process, thus helping to realize economies of scale, reduce energy costs and increase manufacturing productivity. Achieving maximum production levels at any given site also requires that the technology and equipment chosen for that site are properly matched with the site's production and demand requirements. Furthermore, proximity to and quality of the raw material resources as well as access to energy with high calorific content are essential. The Group believes that a global supplier of building materials and services such as itself operates at a substantial advantage over local producers, as it has the resources to upgrade production facilities as required at any given site in order to maximize production levels and to take advantage of a Group-wide exchange of best practices.

Key Trends in Industry Structure

The global building materials industry is a cyclical industry but with a long-term growth trend. Consolidation, expansion and globalization, led by the global cement players, have been the key themes in the industry over the past few years (with significant expansion into Latin America and Eastern Europe in the 1990s and more recently into Asia). Although the major companies are diversified globally, many operate strongly on a regional basis.

In almost all mature markets and to a lesser extent in emerging markets, in particular the integration into ready-mix concrete, and the supply of related aggregates are significant factors. Because cement is a primary component of the production of concrete, the integration of the concrete and cement businesses promotes cement sales and reduces volatility. Although regional and national markets can be volatile, the Group believes that its strategy of geographic diversification has allowed, and will continue to allow, the Group to benefit from positive trends in certain regions, partly offsetting negative trends in other regions.

Factors Affecting the Comparability of Results of Operations

On February 9, 2006, the Group announced that Holcim Trading SA ("Holcim Trading"), a wholly-owned subsidiary of the Guarantor, had acquired a 25% stake in National Cement Factory ("NCF") based in Abu Dhabi, United Arab Emirates. The company was founded in 2005 by the Emirates International Investment Company and other local investors with the purpose of building a grinding station in Abu Dhabi.

On June 21, 2006, Aggregate Industries announced that it had made a cash offer to acquire the entire issued share capital of Foster Yeoman Limited, the privately-held United Kingdom heavy building materials group. Foster Yeoman owns Torr Works, a limestone quarry in England, and the Glensanda quarry, a granite quarry in Scotland. Foster Yeoman's sales activities are supported by a network of depots across the United Kingdom and a network of sales points at major ports in Northern and Western Continental Europe. Foster Yeoman's operating results have been included in the Group consolidated operating results as of September 7, 2006.

On June 26, 2006, Aggregate Industries agreed to acquire 100% of Meyer Material Company ("Meyer Material") from U.S. Equity Partners, L.P. and Park Avenue Equity Partners, L.P. Meyer Material, based near Chicago, Illinois, is a supplier in the United States of aggregates, ready-mix concrete and concrete paving products. The company's primary markets are located in the northwestern part of Metropolitan Chicago and southeastern Wisconsin. Meyer Material's operating results have been included in the Group's consolidated operating results as of July 21, 2006.

On June 5, 2007, the Group announced that it had completed the sale of a portion of its stake in Holcim South Africa to AfriSam Consortium (Pty) Ltd. The transaction made Holcim South Africa the leading black-controlled company in the building materials sector and created an excellent platform for the further development of this company. The Group maintains a 15% stake in Holcim South Africa. The Group retains a range of pre-emption and investment rights, which cannot be exercised in a way that would compromise the company's Black Economic Empowerment ("BEE") credentials, and will continue to provide technical assistance. As a consequence of the sale, Holcim South Africa has been deconsolidated and its results are now accounted for under the equity method of accounting. Holcim South Africa's results have been deconsolidated from the Group's consolidated operating results as of June 5, 2007.

On June 12, 2007, the Group announced that it had successfully completed the mandatory general offer to the remaining shareholders of Jurong Cement Limited, Singapore, launched on April 30, 2007, and now holds a 55% majority stake in the company. This corresponds to a total investment of approximately SGD 53.5 million.

On August 15, 2007, the Group announced that it had acquired all outstanding shares of St. Lawrence Cement pursuant to the recommended cash offer to minority shareholders announced on May 14, 2007 and had completed the compulsory buyout process conducted under Canadian law. The shares were de-listed from the Toronto Stock Exchange on August 13, 2007.

On January 23, 2008, Lafarge, a competitor of the Group, acquired 100% of the outstanding shares of Orascom Construction Industries Cement Group ("Orascom Cement"), an affiliated company of Orascom Construction Industries ("OCI"). Orascom Cement owns 53.7% of the shares in Egyptian Cement Company S.A.E. ("Egyptian Cement Company"). As a result of a joint venture agreement with OCI, the Group proportionately consolidated its 43.7% interest in Egyptian Cement Company. Given the acquisition of Orascom Cement by a competitor, the joint venture agreement between OCI and the Group became void and the Group applied equity accounting to its investment as of January 23, 2008, in accordance with IAS 28. As the Group's stake remains unchanged, this bookkeeping change will have no impact on consolidated net income.

On February 18, 2008, Huaxin completed a capital increase through a private placement to the Group. Furthermore, the Group was exempted from making a tender offer to the other shareholders. As a result, the Group's shareholding in Huaxin increased from 26.1% to 39.9% and the Group became Huaxin's single largest shareholder.

On June 13, 2008, Holcim Spain agreed to acquire 100% of Tarmac Iberia S.A.U. from Anglo American plc, London for a total consideration of up to EUR 148.0 million.

The President of Venezuela issued a decree for the nationalization of the three largest cement companies operating in Venezuela, including Holcim Venezuela, effective on June 18, 2008. The Venezuelan government took over full management control of Holcim Venezuela and, as at the date of this Offering Memorandum, Holcim had received no compensation for the expropriated assets. See "Business Description — Legal Proceedings."

Results of Operations for the Six Months Ended June 30, 2009 and 2008

The following table sets forth the Group's income statement line items for the six months ended June 30, 2009 and 2008:

	Six Months Ended June 30,		
	2009	**2008**	**Change**
	(In CHF million, except percentages) (Unaudited)		
Net sales	**10,082**	**12,434**	**(18.9)%**
Production cost of goods sold	(5,766)	(6,724)	14.2%
Gross profit	**4,316**	**5,710**	**(24.4)%**
Distribution and selling expenses	(2,313)	(2,889)	19.9%
Administration expenses	(697)	(857)	18.7%
Operating profit	**1,306**	**1,964**	**(33.5)%**
Other income	18	48	(62.5)%
Share of profit of associates	140	100	40.0%
Financial income	90	92	(2.2)%
Financial expenses	(435)	(413)	(5.3)%
Net income before taxes	**1,119**	**1,791**	**(37.5)%**
Income taxes	(332)	(453)	26.7%
Net income	**787**	**1,338**	**(41.2)%**
Attributable to:			
Equity holders of Holcim Ltd	527	1,066	(50.6)%
Minority interest	260	272	(4.4)%

Cement Production Capacity

As at June 30, 2009, the Group had a cement production capacity of 192.5 million tonnes, compared to 195.7 million tonnes as at June 30, 2008.

Net Sales

In the six months ended June 30, 2009, the Group's net sales decreased by 18.9% to CHF 10,082 million from CHF 12,434 million in the same period in 2008. Net sales were affected by currency translation effects (CHF -912 million), changes in scope of consolidation (CHF -52 million) and the fall in demand for construction services in North America as well as in Western and Eastern Europe. The announced government stimulus packages have yet to have a noticeable effect on the construction sector. Some of the Asian emerging markets, and India in particular, showed robust growth. Growth was also evident in most of the Latin American countries where the Group is present and construction activity remained high in the Group region Africa Middle East. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), total consolidated, net sales of the Group decreased by 11.2%.

The table below sets forth the Group's net sales by product segment for the six months ended June 30, 2009 and 2008:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	Change
	(In CHF millions) (Unaudited)		
Net Sales			
Cement	6,862	8,117	(15.5)%
Aggregates	926	1,218	(24.0)%
Other Construction Materials/Services	3,407	4,469	(23.8)%
Corporate/Eliminations	(1,113)	(1,370)	18.8 %
Total	10,082	12,434	(18.9)%

Broken down by segment, net sales in the cement segment and aggregates segment decreased by 15.5% and 24.0%, respectively. Net sales of cement represented 61.3% of the Group's total net sales including intra-Group sales in the first six months of 2009 as compared to 58.8% in the same period in 2008. Net sales of aggregates represented 8.3% of the Group's total net sales including intra-Group sales in the first six months of 2009 as compared to 8.8% in the same period in 2008.

The table below sets forth the Group's net sales by geographical region for the six months ended June 30, 2009 and 2008:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	Change	Like-For-Like
	(In CHF millions) (Unaudited)			
Net Sales				
Europe	3,603	5,144	(30.0)%	(23.9)%
North America	1,445	1,857	(22.2)%	(24.4)%
Latin America	1,674	2,053	(18.5)%	(1.2)%
Africa Middle East	618	652	(5.2)%	2.0 %
Asia Pacific	3,079	3,089	(0.3)%	9.2 %
Corporate/Eliminations	(337)	(361)	6.6 %	
Total	10,082	12,434	(18.9)%	(11.2)%

Europe

Most European countries are currently enduring the worst economic crisis since the 1970s and in some markets the recession has intensified since the beginning of 2009. In particular, Spain, the UK and Eastern Europe including Russia and Azerbaijan are suffering from the economic downturn. While the poor start to the new year was largely attributed to the hard winter, construction activity during the second quarter was depressed by a lack of investment activity. Cement consumption declined significantly in comparison with 2008.

Although housebuilding saw some stabilization, Aggregate Industries UK reported a decline in volumes in all segments. The core markets of Holcim Spain in Andalusia and Madrid suffered more than other regions of the country from the impact of the housebuilding crisis.

Holcim France Benelux recorded a decline in deliveries of building materials, particularly in France and Belgium. In the Netherlands, the downward trend was less pronounced. Holcim Germany saw a decline in cement sales as a result of the combination of weaker domestic demand and reduced exports. Due to acquisitions, sales of aggregates and ready-mix concrete were on par with the previous year. In the south of Germany, new construction projects were sparse, adversely affecting the cement sales of Holcim Southern

Germany but the aggregates companies acquired in the region of Karlsruhe the previous year led to an increase in sales.

Holcim Switzerland benefited from solid construction demand, particularly in the big cities. The Group company nearly made up for the winter months, with volumes in all segments slightly below the previous year's level. In Italy, after the sharp drop in the first quarter, volumes continued to decline.

In Eastern and Southeastern Europe, the economic downturn was significant. Investment halt, project holdups and shortage of new orders led to a decline in cement sales. The Group companies in the Czech Republic, Slovakia and Hungary were hit hard. Holcim held up better in Austria and Croatia due to major projects requiring large amounts of ready-mix concrete. In Romania, liquidity bottlenecks affecting customers led to a further slowdown in demand for building materials and in Bulgaria, the general market weakness was compounded by massive cement imports from Turkey.

In Russia, cement consumption virtually halved in comparison with the previous year, although toward the end of the first half Alpha Cement was at least able to reverse some of the initial sharp decline in deliveries. Cement sales declined significantly in the period under review. Garadagh Cement in Azerbaijan also sold less cement. The key factor were the decline in demand for building materials in the housebuilding and industrial sectors and the pressure of imports from Russia and Turkey.

The Group companies in the UK, Spain and Eastern Europe quickly adjusted production capacity in all segments to the changed market environment. In the cement segment, the Russian Group company Alpha Cement and Holcim Hungary both moth-balled one of their kiln lines. The Pleven cement plant in Bulgaria is presently only operating as a grinding station; the clinker is shipped from the Beli Izvor plant. The Torredonjimeno plant in the south of Spain was permanently closed in the second quarter of 2009.

In the first six months of 2009, consolidated cement deliveries in Group region Europe decreased by 24% to 13 million tonnes. On a like-for-like basis cement deliveries decreased by 25.1%. Deliveries of aggregates declined by 22% to 38 million tonnes. On a like-for-like basis deliveries of aggregates decreased by 25.7% Deliveries of ready-mix concrete contracted by 19.4% to 8.3 million cubic meters. On a like-for-like basis deliveries of ready-mix concrete decreased by 27.2%.

North America

In North America, the economic situation remained fraught throughout the first half of the year. In the US, the deep recession continued to shape events in all markets, although the downturn became less severe in the second quarter. Canada too continued to lose ground and, after many years of positive growth, saw a decline in overall economic output.

In the US, private construction was particularly strong affected by the difficult economic environment. Housebuilding was still down compared with the previous year. In the commercial construction segment, the industry and healthcare sectors were unable to make up for the marked slump in demand for office and business premises. Volumes were supported by investment in public safety and the government's multi-year infrastructure plan. The announced stimulus programs did not yet have a noticeable effect on the construction sector during the first half of 2009.

Holcim US registered a further decline in cement deliveries. This mainly affected the east of the country, but also the sales areas along the Mississippi and Missouri rivers and Texas. The harsh winter and the unfavorable weather conditions for building work in spring depressed shipments on the East Coast. The closure of the Dundee and Clarksville plants, and moth-balling of the Artesia and Mason City plants are all actions taken in response to the market decline.

Aggregate Industries US saw further declines in sales of aggregates, ready-mix concrete and asphalt and continued measures to cut costs and reduce capacity.

Holcim Canada, the former St. Lawrence Cement, also suffered from the decline in demand with a reduction in sales in all market regions and segments. The decline was felt especially in the industrial province of Ontario, although the picture was somewhat influenced by a number of major building and infrastructure projects.

In the first half, consolidated cement deliveries in North America fell by 25.4% to 5 million tonnes. On a like-for-like basis cement deliveries decreased by 25.4%. Aggregates volumes declined by 26.8% to 15.3 million tonnes. On a like-for-like aggregate volumes declined by 28.2%. Deliveries of ready-mix concrete also decreased by 28.1% to 2.3 million cubic meters. On a like-for-like basis ready-mix concrete deliveries decreased by 28.1%.

Latin America

The global slowdown in growth had a mixed impact in Latin America. While construction activity slowed in Mexico and El Salvador due to the North American recession, sales of building materials continued to develop positively in Ecuador and Colombia owing to the housebuilding and infrastructure sectors.

Mexico's construction sector had to contend with the recessionary environment and the banks' reluctance to lend. Holcim Apasco's deliveries of building materials decreased in the first half of 2009. Exports of clinker and cement also fell. However, government economic stimulus measures supported construction activity particularly in the center and south of Mexico.

Cemento de El Salvador saw a decline in delivery volumes. The presidential elections did not provide the stimuli to boost the construction sector. In Costa Rica, private property developers struggled in the face of tougher financing terms. With the exception of a large dam, there was no significant infrastructure construction. While the Group company reported a slight decline in all segments, Holcim Nicaragua increased deliveries of ready-mix concrete.

Holcim Ecuador recorded increases in volumes across its product range. After the previous year's growth, Holcim Colombia sold less cement but increased its sales of aggregates and ready-mix concrete. The Brazilian construction sector proved relatively crisis-resistant thanks to government investment in building projects and low interest rates. Holcim Brazil saw a decline in cement volumes but increase its sales of ready-mix concrete. In Argentina, Minetti partially compensated for lower domestic cement sales through higher exports. Despite delays in roadbuilding projects, deliveries of aggregates and ready-mix concrete increased. As a result of new competitors and a fall-off in construction activity, Cemento Polpaico in Chile experienced a decline in sales volumes of aggregates in particular.

Group companies affected by the decline in demand responded to the changing market environment and adjusted production capacity. The first six months of 2009 saw the moth-balling of one kiln each in Mexico, El Salvador, Brazil, Chile and Argentina. In addition, the ready-mix concrete network was streamlined in several markets by closing some ready-mis concrete plants.

In the first six months of 2009, cement sales in Group region Latin America fell by 18.2% to 11.2 million tonnes. On a like-for-like basis cement deliveries decreased by 8.8%. Deliveries of aggregates were down by 10.6% to 5.9 million tonnes, a decrease of 4.5%, on a like-for-like basis and ready-mix concrete volumes contracted by 18.3% to 4.9 million cubic meters, a decrease of 15.0%, on a like-for-like basis.

As a consequence of the nationalization of Holcim Venezuela, the long-term economics of supplying clinker and cement from Holcim production to the grinding stations and terminals in Panama and the Caribbean is no longer viable. As a result, at the end of July 2009, Holcim sold its interest in Panama and the Caribbean to its Colombian joint venture partner Argos. The proceeds from the disposals amount to USD 157 million.

Holcim increased its stake in Cemento de El Salvador from 64% to more than 90%. The company is a nationwide supplier of cement, gravel and ready-mix concrete as well as a regional cement exporter.

Africa Middle East

Despite slightly weaker economic growth, the markets supplied by Holcim in Group region Africa Middle East were largely stable. In Morocco, the high demand for building materials for housebuilding and infrastructure projects led to a satisfactory workload in the construction industry. The easing of political tensions in Lebanon stimulated construction activity across the country.

After a sluggish start of 2009 and a strike lasting several weeks in the transportation sector, Holcim Morocco was able to increase cement deliveries slightly. Sales of aggregates and ready-mix concrete increased significantly. In Lebanon, the Chekka plant produced at full capacity. Sales of ready-mix concrete increased. To meet domestic demand, Holcim Lebanon had to reduce its cement exports to neighboring countries.

Sales of cement decreased in the West African group of countries managed by Holcim Trading. Also the companies in the Indian Ocean recorded a decline in volumes in all segments. This was due to the political crisis in Madagascar, the drop in housebuilding and a lack of follow-on projects in the infrastructure sector in La Reunion.

In the first six months of 2009, Group region Africa Middle East slightly decreased its cement sales to 4.5 million tonnes. On a like-for-like basis cement deliveries increased by 2.1%. Deliveries of aggregates and ready-mix concrete maintained the 2008 level of 1.2 million tonnes and 0.6 million cubic meters, respectively.

Asia Pacific

Asia Pacific largely defied the global economic crisis and construction activity remained lively. In India in particular, high pent-up demand in the infrastructure sector and the positive development of the agricultural sector led to rising demand for building materials. The first half of the year saw brisk construction activity in the Philippines. However, certain countries in the Group region experienced slower growth due to the global economic crisis.

The two Indian Group companies posted significant increases in cement deliveries in all regions of the country. Sales of ready-mix concrete slightly increased. Holcim Bangladesh reported higher sales volumes. In Sri Lanka, demand for building materials did not yet pick up following the end of the civil war and Holcim Lanka sold less cement than in the previous year.

In Thailand, cement consumption decreased nationwide. Siam City Cement managed to sell virtually the same amount of cement as the previous year, and the decline in the volume of clinker and cement exports also remained within narrow limits. Sales of aggregates developed positively, while deliveries of ready-mix concrete declined. Holcim Vietnam increased cement sales. At Holcim Malaysia, industrial construction in Johor underpinned cement deliveries, which were otherwise in decline. Holcim Singapore was able to maintain ready-mix concrete volumes virtually at the previous year's level despite the city state's sharp economic downturn.

Brisk demand for building materials in both private and public projects enable Holcim Philippines to increase its domestic shipments of cement and sales of ready-mix concrete. The focus was on commercial projects and infrastructure expansion. As a result, the Group companies reduced its export activity. In Indonesia, the decline in construction activity led to rising competition. In the cement segment, the Group company nearly matched its prior-year volumes due to higher exports. Sales of aggregates and ready-mix concrete declined significantly.

In Australia, demand for building materials declined in the context of the economic slowdown — a situation aggravated by adverse weather conditions in the first quarter of 2009. As a result of the decrease in demand for cement in the housebuilding and commercial sectors, Cement Australia saw falls in volumes on the East Coast in particular. In New Zealand, deliveries of cement and ready-mix concrete declined, although deliveries of aggregates were up compared to the previous year.

As a result of higher volumes in India, consolidated cement deliveries in Group region Asia Pacific increased in the first half of 2009 by 1.8% to 34.1 million tonnes. On a like-for-like basis cement deliveries increased by 0.9%. Shipments of aggregates contracted by 8.7% to 2.1 million tonnes, while deliveries of ready-mix concrete were reduced by 8.6% to 3.2 million cubic meters. On a like-for-like basis aggregate volumes and deliveries of ready-mix concrete decreased by 13.0% and 8.6% respectively. The low level of business activity in New Zealand was a major factor in the decline of ready-mix concrete deliveries, as was the downturn in construction activity in some urban centers in Asia.

Production Cost of Goods Sold

The principal elements of production cost of goods sold are material expenses, fuel expenses, electricity expenses, personnel expenses, depreciation and other production expenses. In the six months ended June 30, 2009, production cost of goods sold decreased to CHF 5,766 million from CHF 6,724 million in the same period in 2008. As a percentage of net sales, production cost of goods sold increased in the six months ended June 30, 2009 to 57.2% as compared to 54.1% in the same period of 2008. This change resulted primarily from increased input costs, especially energy.

Gross Profit

In the six months ended June 30, 2009 the Group's gross profit decreased by 24.4% to CHF 4,316 million from CHF 5,710 million in the same period of 2008. Likewise, the Group's gross profit margin decreased by 3.1 percentage points compared to the previous year.

Distribution and Selling Expenses

Distribution and selling expenses consist primarily of transportation and energy costs, personnel and packing material. In the six months ended June 30, 2009, distribution and selling expenses decreased by 19.9% to CHF 2,313 million from CHF 2,889 million in same period in 2008. As a percentage of net sales, distribution and selling expenses decreased to 22.9% from 23.2%.

Administration Expenses

In the six months ended June 30, 2009, the Group's administration expenses decreased by 18.7% to CHF 697 million from CHF 857 million in the same period in 2008. As a percentage of net sales, administration expenses remained at 6.9% in the six months ended June 30, 2009 as compared to the same period in 2008.

Operating Profit

In the six months ended June 30, 2009, operating profit decreased by 33.5% to CHF 1,306 million from CHF 1,964 million in the same period of 2008. On a like-for-like basis (excluding the effects of currency translations and changes in the scope of consolidation) operating profit in the six months ended June 30, 2009 was 23.7% lower than in the six months ended June 30, 2008.

The table below sets forth the Group's operating profit (loss) by geographical region for the six months ended June 30, 2009 and 2008:

	Six Months Ended June 30,			
	2009	**2008**	**Change**	**Like-For-Like**
	(In CHF millions) (Unaudited)			
Operating Profit (Loss)				
Europe	224	798	(71.9)%	(68.5)%
North America	(74)	46	(260.9)%	(245.7)%
Latin America	445	495	(10.1)%	6.7%
Africa Middle East	158	178	(11.2)%	(3.4)%
Asia Pacific	670	561	19.4%	31.6%
Corporate/Eliminations	(117)	(114)	(2.6)%	
Total	1,306	1,964	(33.5)%	(23.7)%

Other Income

Other income decreased by 62.5% from CHF 48 million in the six months ended June 30, 2008 to CHF 18 million in the same period of 2009. This decrease is mainly due to the extraordinary gain on the sale of the Pacasmayo investment in 2008.

Financial Expenses, net

In the six months ended June 30, 2009, net financial expenses increased by 7.5% to CHF 345 million from CHF 321 million in the same period of 2008, primarily due to higher foreign exchange losses partially offset by lower interest expenses.

Income Taxes

In the six months ended June 30, 2009, the Group's effective tax rate increased to 30% compared to 25% in the same period of 2008. In absolute figures, the Group recorded income taxes of CHF 332 million in the first six months of 2009, which represented a decrease of 26.7% from CHF 453 million in the same period of 2008.

Consolidated Net Income

In the six months ended June 30, 2009, the Group's consolidated net income decreased by 41.2% to CHF 787 million from CHF 1,338 million in the same period of 2008. On a like-for-like basis (excluding the effects of currency translations and changes in the scope of consolidation), net income in the six months ended June 30, 2009 decreased by 33.9%.

Operating EBITDA

In the six months ended June 30, 2009, operating EBITDA decreased by 23.5% to CHF 2,143 million from CHF 2,802 million in the same period of 2008. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), operating EBTIDA decreased by 14.4%, in the six months ended June 30, 2009, compared to the same period of 2008.

In the six months ended June 30, 2009, operating EBITDA in Europe fell by 49.9% to CHF 559 million compared to CHF 1,115 million particularly due to the results of Aggregate Industries UK, Holcim Spain and Holcim France Benelux. For the same period, operating EBITDA in Group region North America fell 57.3% to CHF 85 million as compared to CHF 199 million for the same period in 2008 mainly due to the deteriorating in business activity at Holcim US. In Group region Latin America for the six months ended June 30, 2009, operating EBITDA fell by 10.5% to CHF 543 million from CHF 607 million in the same period of 2008 mainly due to unfavorable exchange rate development against the Mexican peso and Brazilian real. Group region Africa Middle East posted an operating EBITDA of CHF 186 million for the six months ended June 30, 2009 as compared to CHF 206 million for the same period in 2008, a decrease of 9.7% mostly due to change in structure. For the same period, six months ended June 30, 2009 Group region Asia posted an operating EBITDA of CHF 873 million as compared to CHF 783 million for the same period of 2008. The increase of 11.5% is due to favorable market conditions, efficiency improvements, cost-cutting measures and lower energy costs.

Operating EBITDA is calculated as net income before income taxes, interest (financial expenses less financial income), share of profit of associates, other income/expenses and depreciation and amortization of operating assets. Operating EBITDA is presented because the Group believes it is a useful measure for evaluating its operating performance and profitability. Operating EBITDA is not a measure of financial performance under IFRS. Prospective investors should not consider operating EBITDA in isolation or as an alternative to operating profit or any other performance measures derived in accordance with IFRS. Operating EBITDA as presented in this Offering Memorandum may also not be comparable to other similarly titled measures of performance of other companies.

The table below sets forth the Group's operating EBITDA by geographical region for the six months ended June 30, 2009 and 2008:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	Change	Like-For-Like
	(In CHF millions) (Unaudited)			
Operating EBITDA				
Europe	559	1,115	(49.9)%	(44.8)%
North America	85	199	(57.3)%	(57.3)%
Latin America	543	607	(10.5)%	6.6%
Africa Middle East	186	206	(9.7)%	(1.5)%
Asia Pacific	873	783	11.5%	22.5%
Corporate/Eliminations	(103)	(108)	4.6%	
Total	2,143	2,802	(23.5)%	(14.4)%

Results of Operations for the Years Ended December 31, 2008, 2007 and 2006

The following table sets forth the Group's consolidated statement of income line items for the years ended December 31, 2008, 2007 and 2006:

	Year Ended December 31, 2008	2007	2006	Change 2008-2007	Change 2007-2006
	(In CHF million, except percentages)				
Net sales	**25,157**	**27,052**	**23,969**	**(7.0)%**	**12.9%**
Production cost of goods sold	(14,116)	(14,073)	(12,616)	(0.3)%	(11.5)%
Gross profit	**11,041**	**12,979**	**11,353**	**(14.9)%**	**14.3%**
Distribution and selling expenses	(5,921)	(6,150)	(5,358)	3.7%	(14.8)%
Administration expenses	(1,760)	(1,805)	(1,610)	2.5%	(12.1)%
Operating profit	**3,360**	**5,024**	**4,385**	**(33.1)%**	**14.6%**
Other income	19	1,242	97	(98.5)%	1,180.4%
Share of profit of associates	229	259	89	(11.6)%	191.0%
Financial income	271	227	188	19.4%	20.7%
Financial expenses	(990)	(1,006)	(962)	1.6%	(4.6)%
Net income before taxes	**2,889**	**5,746**	**3,797**	**(49.7)%**	**51.3%**
Income taxes	(663)	(1,201)	(1,078)	44.8%	(11.4)%
Net income	**2,226**	**4,545**	**2,719**	**(51.0)%**	**67.2%**
Attributable to:					
Equity holders of Holcim Ltd	1,782	3,865	2,104	(53.9)%	83.7%
Minority interest	444	680	615	(34.7)%	10.6%

Year Ended December 31, 2008 compared with Year Ended December 31, 2007

Cement Production Capacity

As at December 31, 2008, the Group's cement production capacity decreased by 1.7% to 194.4 million tonnes as compared to 197.8 million tonnes as at December 31, 2007. The decrease in cement production capacity was due to the deconsolidation of Egyptian Cement Company and Holcim Venezuela.

Net Sales

In 2008, the Group's net sales decreased by 7.0% to CHF 25,157 million as compared to CHF 27,052 million in 2007. Net sales were negatively affected by currency translation effects of CHF 2,749 million (compared to a positive effect of CHF 391 million in 2007) and changes in the scope of consolidation of CHF 303 million (compared to a positive effect of CHF 759 million in 2007). On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), net sales increased by 4.3%

The table below sets forth the Group's net sales by product segment for the years ended December 31, 2008 and 2007:

	Year Ended December 31,		
	2008	2007	Change
	(In CHF million, except percentages)		
Net Sales			
Cement	16,248	17,223	(5.7)%
Aggregates	2,518	3,190	(21.1)%
Other Construction Materials/Services	9,419	9,535	(1.2)%
Corporate/Eliminations	(3,028)	(2,896)	(4.6)%
Total	25,157	27,052	(7.0)%

Broken down by product segment, there was limited change to individual product segment weightings as compared to the previous year. The breakdown of net sales, including intra-Group sales, in 2008 was as follows: cement 57.6% (2007: 57.5%), aggregates 8.9% (2007: 10.7%) and other construction materials and services 33.4% (2007: 31.8%).

Cement sales decreased by 4.1% to 143.4 million tonnes in 2008. This decrease in sales was due to a decrease in volumes of cement sold in the United States and Spain as a consequence of the strong decline in construction activity. In terms of volume, the Latin America and Asia Pacific regions reported small increases. The Africa Middle East region reported an increase in volumes of cement sold by 9.7%, on a like-for-like basis (excluding the effects of changes in the scope of consolidation).

In the aggregates segment, deliveries declined by 10.8% to 167.7 million tonnes in 2008. The Group experienced a decline in demand in North America and Europe, particularly in the United States, United Kingdom and Spain. Deliveries were higher in Latin America, Asia Pacific and, on a like-for-like basis (excluding effects of changes in the scope of consolidation), in Africa Middle East. In September 2008, the Group acquired eight quarries and a nearly completed quarry project from Tarmac Iberia in Spain.

Sales of ready-mix concrete rose by 7.3% to 48.5 million cubic meters. The strongest growth was seen in Asia Pacific and Latin America, where sales volumes, particularly in the major conurbations, increased by 25.9% and 10.4%, respectively. With few exceptions, Group companies in Europe and Africa Middle East delivered more ready-mix concrete. On a like-for-like basis (excluding the effects of changes in the scope of consolidation), the volume of ready-mix concrete sold in the Africa Middle East region increased by 11.8% In North America, the volume of ready-mix concrete sold was stable. However, on a like-for-like basis (excluding the effects of changes in the scope of consolidation), ready-mix concrete volume growth was negative in North America. Asphalt sales were down overall, from 14.8 million tonnes in 2007 to 13.5 million tonnes in 2008.

The table below sets forth the Group's net sales by geographical region for the years ended December 31, 2008 and 2007:

	Year Ended December 31, 2008	Year Ended December 31, 2007	Change
	(In CHF million, except percentages)		
Net Sales			
Europe	10,043	10,401	(3.4)%
North America	4,527	5,365	(15.6)%
Latin America	4,170	4,010	4.0%
Africa Middle East	1,354	1,831	(26.1)%
Asia Pacific	6,109	6,292	(2.9)%
Corporate/Eliminations	(1,046)	(847)	(23.5)%
Total	25,157	27,052	(7.0)%

Europe

In Europe, net sales decreased by 3.4% to CHF 10,043 million in 2008 from CHF 10,401 million in 2007. Net sales in Europe were negatively affected by the effects of currency translation, which were partially offset by a positive impact from changes in the scope of consolidation. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), net sales in Europe in 2008 increased by 3.0%

The economies across Europe increasingly slowed during the course of 2008, with a number of countries slipping into recession. The United Kingdom and Spain were impacted most severely, but Italy, France and Germany were also unable to escape the downturn. In contrast, the economies of Eastern and Southeastern Europe continued to grow. In the last quarter of 2008, economic activity declined markedly, particularly in France and Russia.

Until mid-2008, demand in the Benelux countries and France was supported by residential construction and investment in the expansion of the road and rail networks. In Germany, the construction sector came under pressure in the second half of the year. In Spain and the United Kingdom, the construction sector suffered a sharp decrease in volume from the beginning of the year. The difficult financial situation led to a decrease in housing, commercial and industrial building projects. In Switzerland, the order situation was stable.

Eastern and southeastern Europe continued to enjoy a dynamic construction activity, particularly Romania, Bulgaria and Azerbaijan. The sector came under pressure in Hungary due to the difficult budget situation. In Russia, lower export revenues from commodities trading increasingly curbed construction spending. In the fourth quarter of 2008, consumer confidence ebbed and lending practices for new buildings also tightened in the whole region.

Consolidated deliveries of cement in Europe decreased by 1.7% to 33.7 million tonnes. In France, the expansion of the high-speed line between the Rhine and the Rhone Rivers and the enlargement of the harbor in Le Havre led to an increase in deliveries of cement. Holcim Germany sold slightly less cement compared with the previous year and Holcim Switzerland was able to lift its cement volumes. Holcim Spain was only partially able to compensate for falling domestic cement sales with an increase in exports. Sales volumes in eastern and southeastern Europe continued to grow. In particular, Group companies in Romania and Bulgaria reported sharp increases in deliveries in all segments due to market and acquisition-related factors. Holcim Slovakia benefited from the increase in investment power in the run-up to the introduction of the euro. Cement sales in Czech Republic and in Serbia declined. In Russia, cement sales were affected by the decline in the construction of apartments and commercial buildings as well as from stronger competition from Turkish imports.

Sales of aggregates decreased by 10.3% to 97.6 million tonnes. In contrast, sales of ready-mix concrete increased by 6.1% to 21 million cubic meters. The construction of wind farms in France positively influenced ready-mix concrete sales while deliveries of aggregates declined due to accounting reclassifications in both France and Belgium. In the UK, sales of aggregates and ready-mix concrete were supported by major construction sites for the 2012 Olympics and large-scale rail infrastructure projects, but overall deliveries of aggregates by Aggregate Industries Ltd in the UK dropped. Sales of ready-mix concrete increased slightly due to acquisitions, and sales of asphalt remained more or less stable. Holcim Germany reported a considerable increase in deliveries of aggregates and ready-mix concrete. The reason for the positive order situation were important projects in the concrete road building sector, the new philharmonic hall in Hamburg and growing ready-mix concrete demand. In Italy, the construction sector suffered from the increasingly difficult economic situation but due to a wider scope of consolidation, the Italian Group company recorded a slight increase in sales of ready-mix concrete. In Spain, deliveries of aggregates fell sharply and a slight increase in sales of ready-mix concrete was only achieved due to acquisitions. Brisk construction activity in Prague, Czech Republic, resulted in an increase in deliveries of aggregates and ready-mix concrete.

North America

In North America, net sales decreased by 15.6% from CHF 5,365 million in 2007 to CHF 4,527 million in 2008. Net sales in North America were negatively affected by currency translation effects, which were partially offset by a positive impact from changes in the scope of consolidation. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), net sales in North America in 2008 decreased by 7.9% In 2008, the United States slipped into recession, which also led to a slowdown in the Canadian economy.

In the United States, the real estate crisis and the challenges associated with the upheavals in the financial system weighted increasingly heavily on the construction sector. At the same time, higher energy prices led to rising costs, and there was a sharp decline in home building. In the first few months of 2008, demand for construction services was supported by commercial and industrial projects. However, the uncertain outlook and tighter lending policies had a negative effect on the willingness to invest in this sector. The only positive influence on demand came from the United States government's long-term infrastructure plan and higher construction spending in the energy sector. The total number of new construction projects in the United States fell to its lowest level since 2003, and the proportion of GDP generated by residential construction activity dropped to an all-time low. Cement consumption slumped by more than 12% to 97 million tonnes in 2008, and aggregates and ready-mix concrete also experienced double-digit rates of decline. The Canadian construction sector held up comparatively well amid mixed regional growth. However, construction activity lost momentum significantly during the course of the year. Overall, Canadian cement consumption fell by 2.3% to 9.4 million tonnes.

Cement volumes sold decreased by 12.2% to 14.4 million tonnes in 2008. The Great Lakes region and the area along the Mississippi and Missouri rivers were particularly badly affected. On the east coast, the receding sales were compounded by heavy and prolonged rainfall. Due to major sales efforts and the product range, Holcim US was able to maintain its market share. St Lawrence Cement in Canada achieved an increase in cement sales volumes. The construction of large apartment blocks and commercial buildings, as well as improvements in transport and utility infrastructure had a positive impact.

In North America, consolidated sales of aggregates fell by 13.4% to 49.3 million tonnes. As a result of acquisitions, sales of ready-mix concrete were the same as in the previous year at 7.3 million cubic meters. The sales volumes of Aggregate Industries US suffered from the difficult economic situation. Sales of aggregates, ready-mix and asphalt declined significantly. In the industrial regions there were few stimuli to counteract the general weakness in the residential construction sector. Delivery volumes of Aggregate Industries US were positively influenced by the construction of roads and state highways as well as by major projects such as the expansion of Harvard University in Boston and the new Justice Center in Denver. In Canada, ready-mix volumes increased due to the expanded scope of consolidation. In Ontario, the Group company delivered significant volumes for the construction of the Queen Elizabeth Highway linking Toronto and Niagara Falls. In Quebec, sales rose due to the construction of office building and two hydroelectric plants. Follow-up orders from several Canadian airports generated demand for gravel, concrete and asphalt.

Latin America

In Latin America, net sales increased by 4.0% to CHF 4,170 million in 2008, compared to CHF 4,010 million in 2007. Net sales in Latin America were negatively affected by currency translation effects. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), net sales in Latin America in 2008 increased by 14.8% In 2008, Latin America's economies continued to grow due to strong domestic demand. However, a number of countries, including Mexico, experienced some loss of economic momentum compared with the previous year, especially in the fourth quarter.

Private and public-sector residential construction boosted volumes of building materials sold, as did transport and utility infrastructure projects. However, demand for construction services decreased in the second half of 2008. Export-oriented companies were particularly affected by the decline in the United States economy and a drop in commodity prices. Above-average inflation and the financial crisis also depressed investment and purchasing power, which led to a halt in commercial and industrial projects. The situation was compounded by the Mexican government's decision to postpone infrastructure projects and development programs in the housing sector. In El Salvador, a decline in remittances from abroad had a major impact on private housebuilding in the second half of the year. Prior to signing of the free trade agreement with the United States, Costa Rica's construction sector had a very good first half of the year. In Panama, there was no let-up in the strong demand for building materials driven by increasing public investment in the run-up to the 2009 presidential elections. In Ecuador, the construction sector benefited from higher order volumes in the social housing sector and infrastructure expansion projects, while construction activity in Colombia was dampened by rising interest rates. The Brazilian economy continued to recover, prompting a significant increase in construction activity in all segments. In Chile, higher government spending on the development of transport infrastructure more than made up for a decline in the construction of social housing. In Argentina, the months of May and June saw deliveries of building materials obstructed by strikes in response to higher taxes on exports. Despite this, construction output was once again up when compared to 2007.

Sales of cement increased to 27.2 million tonnes in 2008, up 2.3% from 26.6 million tonnes in 2007. Cement consumption in 2008 increased in all Group markets, apart from Mexico, El Salvador and Colombia. Holcim Apasco in Mexico posted substantial sales volumes in all segments although delivery quantities retracted significantly in the fourth quarter. Market positioning and higher export kept the decline in the cement segment on a limited scale. In Ecuador, investment in the expansion of the road and rail networks and the construction of Quito's new airport supported sales volumes. Holcim Colombia's cement sales remained stable, and deliveries of ready-mix concrete were stimulated by additional production capacity and mixer trucks. Sales of cement and aggregates were also relative to the previous year in Venezuela but there was a decrease in deliveries of ready-mix concrete. In Argentina, Minetti succeeded in maintaining cement sales and also achieved a slight increase in ready-mix concrete deliveries. Cemento Polpaico in Chile increased its sales of cement and ready-mix concrete despite the entry of a new competitor in the market.

Sales of aggregates increased by 7.2% to 13.4 million tonnes, compared to 12.5 million tonnes in 2007 and sales of ready-mix concrete increased by 10.4% to 11.7 million cubic meters. In Mexico, deliveries of aggregates and ready-mix concrete were above previous-year level despite the decline in residential construction. In addition to the expansion of the road and motorway network, major projects in the energy sector and the construction of hotels and business centers on the Yucatan peninsula also led to increases in deliveries of building materials. Deliveries of building materials followed similar positive trends in Costa Rica and Nicaragua. In Nicaragua, the Group company supplied for the first time ready-mix concrete for the construction of two concrete roads in Managua. Holcim Brazil posted volume growth in all segments. Sales of ready-mix concrete were supported by major commercial building projects as well as the construction of administrative buildings by the government and industry.

Africa Middle East

Net sales in the Africa Middle East region decreased by 26.1% to CHF 1,354 million in 2008, compared to net sales of CHF 1,831 million in 2007. As a consequence of the deconsolidation in South Africa and Egypt, net sales in the Africa Middle East region were negatively affected. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), net sales in the Africa Middle East region in 2008 increased by 16.3%.

The economic conditions in the Africa Middle East region remained favorable. The Moroccan construction industry benefited from a thriving agricultural sector, which gave additional room for investments in housing and infrastructure. In Lebanon, the highest real increase in growth for many years stimulated residential construction activity. In West Africa and the Indian Ocean, the construction sector was also supported by residential and infrastructure construction projects.

Sales of cement decreased by 33.1% to 9.7 million tonnes in 2008, compared to 14.5 million tonnes in 2007, however increased on a like-for-like basis by 9.7%. Deliveries of aggregates decreased by 52.6% to 2.7 million tonnes in 2008, compared to 5.7 million tonnes in 2007, but also aggregates sales volumes increased on a like-for-like basis by 1.8% as did ready-mix concrete by 11.8% Holcim (Maroc) S.A. lifted its cement mainly due to the successful commissioning of the new cement plant in Settat. Moroccan ready-mix concrete sales were also up, while volumes of aggregates had a stable development. The reconstruction work in Beirut and in the south of the country enabled Holcim Lebanon to increase its sales of ready-mix concrete. The Indian Ocean region recorded an increase in cement deliveries, and sales of aggregates increased as a result of an acquisition. In La Reunion, the ready-mix concrete business also experienced a positive development.

Asia Pacific

Net sales in the Asia Pacific region amounted to CHF 6,109 million in 2008, a decrease of 2.9% compared to CHF 6,292 million in 2007. Net sales in the Asia Pacific region were negatively affected by currency translation effects. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), net sales in the Asia Pacific region in 2008 increased by 11.3% Cement sales in the Asia Pacific region increased by 1.1% to 65.6 million tonnes. Deliveries of aggregates increased by 17.5% to 4.7 million tonnes. Ready-mix concrete increased by 25.9% to 7.3 million cubic meters. This reflects progressive vertical integration in the region's main urban centers.

Economic growth in this region lost momentum. The financial crisis and outflows of foreign capital led to liquidity shortages in some emerging markets. At the same time, the value of many currencies decreased significantly. Interest rates in India rose as a result of the government's anti-inflation policy in response to increases in fuel costs. As a result of decreases in fuel costs in the course of 2008, the Indian government has eased its anti-inflation policy and lifted several bans that affected the cement industry, among other industries. Thailand experienced a significant decrease in foreign demand, and in the Philippines, remittances by migrant workers from abroad, which are important for the domestic economy, retracted sharply. Australia and China performed relatively well. India again posted an impressive increase in cement consumption. Urban residential construction activity was dampened by higher interest rates and tighter lending. In contrast, rural homebuilding and infrastructure sectors progressed positively. Bangladesh enjoyed brisk construction activity, while cement consumption in Sri Lanka declined again for the first time in a number of years following the termination of the ceasefire agreement. In Thailand, the investment climate was depressed by the political situation. In Malaysia, the construction sector received a boost from the government's long term economic plan and an increase in funds flow from the Gulf region. In Singapore, the construction of hotels, office buildings and apartments declined sharply. Only infrastructure projects supported demand. Vietnam's construction sector benefited from the expansion of port facilities and industrial infrastructure as well as from urban development projects in Ho Chi Minh City and other centers within the country. In the Philippines, higher demand for building materials from private and commercial construction projects compensated for the decline in volumes from the public sector. Due to an improving domestic economy and an increase in purchasing power, Indonesia required significantly larger quantities of building materials for private construction as well as public infrastructure projects. In Australia, the business environment deteriorated as a result of the global slump in demand for commodities, although there was an increase in activity on structural and civil engineering projects.

With the exception of those in Thailand, Singapore and New Zealand, all Group companies increased their deliveries of cement. Both Indian Group companies posted solid volume growth in 2008, partly due to high pent-up demand in the homebuilding and infrastructure sectors. In the northern regions, rising cement imports from Pakistan led to fierce competition. The ban on exports of cement, which was only lifted in June, had a negative impact on Ambuja Cements. Another factor was the severe monsoon which affected the north of the country and temporarily halted cement deliveries from several plants. The heavy rainfall did however result in a good harvest, which boosted the purchasing power of the rural population and had a favorable impact on construction activity. This, coupled with the government's economic stimulus program, led to a larger-than-average increase in deliveries in the two last months of 2008.

Holcim saw an increase in cement sales in Bangladesh and matched its previous-year volumes in Sri Lanka. In Vietnam, the Group company posted a substantial increase in sales of cement as well as higher sales of ready-mix concrete. In the area around Ho Chi Minh City in particular, Holcim strengthened its market presence with new ready-mix concrete plants and a larger fleet of mixer and pump trucks. In Thailand, Siam City Cement saw a decline in both domestic and exported sales of clinker and cement. In the ready-mix concrete segment, orders for high-rise buildings in Bangkok led to an increase in deliveries. In Singapore, Jurong Cement's production volume was available for a full year for the first time. Sales of cement and ready-mix concrete also increased in neighboring Malaysia. The Group companies in Indonesia and the Philippines increased domestic cement sales. Both companies exported considerable quantities of clinker and cement. In Indonesia, the need for additional office space for the booming IT and telecoms industry resulted in construction activity. Three new power plant buildings had a very positive impact on deliveries of ready-mix concrete. In the Philippines, volumes were boosted by the construction of a shipyard in Hanjin and the expansion of Manila's local transportation network. In 2008, the company made a successful entry into the ready-mix concrete segment with the commissioning of several concrete plants. In New Zealand, the recession led to a decline in deliveries of cement and ready-mix concrete. However, Cement Australia saw an increase in sales of cement.

Production Cost of Goods Sold

The table below shows a breakdown of production cost of goods sold for 2008 and 2007:

	2008	% of Net Sales	2007	% of Net Sales
	(In CHF million, except percentages)			
Net sales	25,157	100.0	27,052	100.0
Material expenses	(4,170)	(16.6)	(4,448)	(16.4)
Fuel expenses	(1,508)	(6.0)	(1,339)	(4.9)
Electricity expenses	(1,254)	(5.0)	(1,312)	(4.8)
Personnel expenses	(2,055)	(8.2)	(2,055)	(7.6)
Depreciation, amortization and impairment	(1,581)	(6.3)	(1,480)	(5.5)
Other production expenses	(3,548)	(14.1)	(3,393)	(12.5)
Change in inventory	0	0.0	(46)	(0.2)
Production cost of goods sold	(14,116)	(56.1)	(14,073)	(52.0)
Gross profit	11,041	43.9	12,979	48.0

The principal elements of production cost of goods sold are material expenses, fuel expenses, electricity expenses, personnel expenses, depreciation and other production expenses. In year ended December 31, 2008, production cost of goods sold increased to CHF 14,116 million from CHF 14,073 million in same period of 2007. As a percentage of net sales, production cost of goods sold increased in 2008 to 56.1% as compared to 52.0% in 2007. This change resulted primarily from significant increases in energy prices coupled with a limited ability to pass additional purchasing costs through to selling prices. The increase in energy costs is mainly attributable to higher prices for petroleum coke, coal and gas in the majority of markets as well as higher electricity prices. In addition, the impairment loss related to the closing down of plants in Spain and in the United States is included in production cost of goods sold.

Gross Profit

In 2008, the Group's gross profit decreased by 14.9% to CHF 11,041 million from CHF 12,979 million in 2007. This decrease was principally due to a worsening business environment in the United States, the United Kingdom and Spain, as well as lower margins at the two Indian Group companies, which were not able to adjust product prices to reflect inflationary increases in production costs.

Distribution and Selling Expenses

Distribution and selling expenses consist primarily of transportation and energy costs, personnel and packing material. Distribution and selling expenses decreased by 3.7% to CHF 5,921 million in 2008, compared to CHF 6,150 million in 2007. As a percentage of net sales, distribution and selling expenses increased from 22.7% in 2007 to 23.5% in 2008.

Administration Expenses

In 2008, the Group's administration expenses decreased by 2.5% to CHF 1,760 million from CHF 1,805 million in 2007. As a percentage of net sales, administration expenses increased from 6.7% in 2007 to 7% in 2008.

Operating Profit

In 2008, operating profit decreased by 33.1% to CHF 3,360 million compared to CHF 5,024 million in 2007. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), operating profit in 2008 was 19.4% lower than in 2007. If the total cost of the plant closures and other restructuring measures in 2008 (CHF 308 million) are also excluded, the like-for-like operating profit decreased by 13.3% All Group regions reduced their operating profit in 2008.

The table below sets forth the Group's operating profit by geographical region for the years ended December 31, 2008 and 2007:

	Year Ended December 31,		
	2008	2007	Change
	(In CHF million, except percentages)		
Operating Profit			
Europe	1,296	1,713	(24.3)%
North America	5	623	(99.2)%
Latin America	966	1,001	(3.5)%
Africa Middle East	303	577	(47.5)%
Asia Pacific	1,021	1,341	(23.9)%
Corporate/Eliminations	(231)	(231)	0.0%
Total	3,360	5,024	(33.1)%

The table below sets forth the Group's operating profit by product segment for the years ended December 31, 2008 and 2007:

	Year Ended December 31, 2008	2007	Change
	(In CHF million, except percentages)		
Operating Profit			
Cement	3,120	4,385	(28.8)%
Aggregates	165	304	(45.7)%
Other Construction Materials/Services	75	335	(77.6)%
Total	3,360	5,024	(33.1)%

Operating EBITDA

The Group's overall financial performance was shaped by the slowdown in global economic growth. During 2008, operating EBITDA fell by 23% to CHF 5,333 million. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), operating EBITDA decreased by 10.1%, or CHF 703 million. If the cost (CHF 120 million) of the plant closures in Spain and the United States included in operating EBITDA is also factored out, the like-for-like operating EBITDA decreased by 8.4%

The table below sets forth the Group's operating EBITDA by geographical region for the years ended December 31, 2008 and 2007:

	Year Ended December 31, 2008	2007	Change
	(In CHF million, except percentages)		
Operating EBITDA			
Europe	2,003(1)	2,399	(16.5)%
North America	486(2)	999	(51.4)%
Latin America	1,194	1,256	(4.9)%
Africa Middle East	368	653	(43.6)%
Asia Pacific	1,495	1,844	(18.9)%
Corporate/Eliminations	(213)	(221)	3.6%
Total	5,333	6,930	(23.0)%

Notes:

(1) Includes plant closure costs of CHF 65 million.

(2) Includes plant closure costs of CHF 55 million.

In Europe, operating EBITDA decreased by 16.5% to CHF 2.0 billion. The main reason for the weaker result was a heavy decline in demand in the UK and Spain throughout the year, as well as one-off costs in connection with the restructuring and the announced plant closure in Spain. Additionally, economic conditions deteriorated strikingly during the fourth quarter of 2008. In particular, Group companies in Russia, France and Italy were affected. Most eastern European companies as well as Azerbaijan posted higher contributions. It was possible to offset a substantial proportion of the increase in energy costs by means of price adjustments and improvements in energy efficiency. Overall, on a like-for-like basis (excluding the effects of changes in the scope of consolidation), operating EBITDA development was negative at 10.6% If the total cost of the plant closures in 2008 (CHF 65 million) are also excluded, like-for-like operating EBITDA in Europe decreased by 7.9%.

In North America, operating EBITDA decreased by 51.4% to CHF 486 million. On a like-for-like basis (excluding the effects of changes in the scope of consolidation), operating EBITDA in North America decreased by 46.2% If the total cost of the plant closures in 2008 (CHF 55 million) are also excluded like-for-like operating EBITDA in North America decreased 40.7% At Holcim US, prices decreased slightly due to price pressure and the decline in sales volumes and higher input costs were only partially offset by efficiency gains. With its products, Aggregate Industries US was operating in a more stable price environment. However, the result was affected by the decline in sales of aggregates and ready-mix concrete and the general surge in costs. On a like-for-like basis, St Lawrence Cement almost matched the previous-year result, thanks to the demand in the construction services and asphalt segments.

Despite the massive rise in energy prices and more price control by the authorities, Latin America reported a significant increase in operating EBITDA in local currency terms. Due to the deterioration in exchange rates versus the Swiss franc, namely in the case of Mexico, Colombia, Argentina and Chile, operating EBITDA declined by 4.9% to CHF 1.2 billion. The Group region result also reflects the tougher business conditions in some markets during the fourth quarter. On a like-for-like basis (excluding the effects of changes in the scope of consolidation), the Group region posted operating EBITDA growth of 6.0% Almost all Group companies increased their contribution in local currency terms, with the key exception being Cemento Polpaico in Chile, where increasingly fierce competition had a negative impact. Holcim Apasco in Mexico was not quite able to match its previous-year results. Holcim Costa Rica and Cemento Panama posted clear improvements in their results. The Group also fared better in local currency terms in Venezuela, Colombia, Ecuador and Brazil.

As a consequence of the deconsolidation in South Africa and Egypt, the Africa Middle East region's operating EBITDA declined by 43.6% from CHF 653 million in 2007 to CHF 368 million in 2008. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation) operating EBITDA increased by 6.9%.

Consolidated operating EBITDA in the Asia Pacific region decreased by 18.9% to CHF 1.5 billion. On a like-for-like basis (excluding the effects of changes in the scope of consolidation and foreign currency translation), operating EBITDA decreased by 6.2%. Increased volumes contrasted with massive increases in the cost of energy, raw materials and transportation. Efficiency gains and price adjustments only partially compensated for the additional expense. Government anti-inflation measures limited in particular the two Indian Group companies' ability to pass on the sharp rise in purchasing costs. Finally, the deterioration in the exchange rate situation put pressure on the results in CHF. Only Holcim Indonesia and Holcim Vietnam increased their contributions to the result of this Group region.

Other Income

Other income decreased to CHF 19 million in 2008 from CHF 1,242 million in 2007. This decrease is mainly due to a one-time capital gain and special dividend arising from the sale of the Group's stake in Holcim South Africa and gains on the disposal of property, plant and equipment in 2007.

Financial Income

Financial income increased to CHF 271 million in 2008 as compared to CHF 227 million in 2007 primarily due to income from loans and receivables.

Financial Expenses

In 2008, financial expenses decreased by 1.6% in 2008 to CHF 990 million from CHF 1,006 million in 2007, primarily due to lower interest rates. The weighted average interest rate of financial liabilities as at December 31, 2008 was 3.8%, compared to 5.1% in 2007.

Income Taxes

In 2008, the Group's effective tax rate was 23%, compared to 21% in 2007. The Group's expected tax rate is a weighted average tax rate based on profit (losses) before taxes of the Group companies. The reduction of income taxes in 2008 to CHF 663 million, compared to CHF 1,201 million in 2007, is due to lower statutory tax rates in certain countries and a change of the relative weight of the profit at the Group companies. The decrease in income taxes is also due to the one-time gain on the sale of the Group's South African operations in 2007, which qualified as tax-exempt income.

Consolidated Net Income

Group net income declined by 51.0%, or CHF 2,319 million, to CHF 2,226 million in 2008. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), like-for-like net income decreased by 44%, and if the one-time gain of CHF 1,260 million in 2007 arising from the sale of the Group's South African operations and the plant closure costs of CHF 205 million (after tax) recorded in 2008 are also excluded, net income decreased by 16.3% The decline is largely a consequence of the lower operating profit, which decreased by CHF 1,664 million from CHF 5,024 million in 2007 to CHF 3,360 million.

Year Ended December 31, 2007 compared with Year Ended December 31, 2006

Cement Production Capacity

As at December 31, 2007, the Group's cement production capacity remained at 197.8 million tonnes as compared to December 31, 2006.

Net Sales

In 2007, the Group increased its net sales by 12.9% to CHF 27,052 million from CHF 23,969 million in 2006. The increase was due to change in the scope of consolidation (3.2%), internal growth (8.1%) and changes in exchange rates (1.6%).

The table below sets forth the Group's net sales by product segment for the years ended December 31, 2007 and 2006:

	Year Ended December 31,		
	2007	2006	Change
	(In CHF million, except percentages)		
Net Sales			
Cement	17,223	15,210	13.2%
Aggregates	3,190	2,964	7.6%
Other Construction Materials/Services	9,535	8,603	10.8%
Corporate/Eliminations	(2,896)	(2,808)	(3.1)%
Total	27,052	23,969	12.9%

Broken down by product segment, there was little change to individual product segment weightings as compared against the previous year. The breakdown of net sales in 2007, including intra-Group sales, was as follows: cement 57.5% (2006: 56.8%), aggregates 10.7% (2006: 11.1%), other construction materials and services 31.8% (2006: 32.1%).

Cement deliveries increased by 6.3% in 2007 to 149.6 million tonnes in 2007 as compared to 140.7 million tonnes in 2006. Robust economic activity in Europe and Latin America resulted in a positive trend. In North America, however, the difficult market environment in residential construction caused a decline in cement sales. As of June 5, 2007, Holcim South Africa was no longer consolidated at the Group level. As a result, cement sales in the Africa Middle East region declined by 5.2% to 14.5 million tonnes. However, on a like-for-like basis (excluding the effects of changes in the scope of consolidation), cement sales in the Africa

Middle East region rose by 13.7% Asia Pacific posted the largest volume growth, which besides the positive state of the construction markets was mainly due to the acquisitions of ACC and ACL in India in 2006.

Deliveries of aggregates rose by 0.2% to 187.9 million tonnes in 2007, compared to 187.6 million tonnes in 2006. Europe benefited from a continued demand for construction materials and the first consolidation of Foster Yeoman's results in the Group consolidated results. Total volumes for the Group were affected by the difficult conditions in North America. Despite the acquisition of Meyer Material by Aggregate Industries in mid-2006, North America posted a decline of 8.2 million tonnes, or 12.6%, to 56.9 million tonnes, compared to 65.1 million tonnes in 2006.

Volumes of ready-mix concrete sold grew by 2.3% to 45.2 million cubic meters. With the exception of Europe, which suffered a small decline of 1.0%, all Group regions increased sales of ready-mix concrete.

The table below sets forth the Group's net sales by geographical region for the years ended December 31, 2007 and 2006:

	Year Ended December 31,		
	2007	2006	Change
	(In CHF million, except percentages)		
Net Sales			
Europe	10,401	8,673	19.9%
North America	5,365	5,520	(2.8)%
Latin America	4,010	3,675	9.1%
Africa Middle East	1,831	2,086	(12.2)%
Asia Pacific	6,292	4,745	32.6%
Corporate/Eliminations	(847)	(730)	(16.0)%
Total	27,052	23,969	12.9%

Europe

Europe achieved an increase in net sales of 19.9% to CHF 10,401 million in 2007 as compared to CHF 8,673 million in 2006. This increase was primarily due to strong demand for residential construction, accelerated infrastructure expansion and commercial and industrial projects mainly in the United Kingdom, France, southeastern Europe and Russia. In western Europe, output increased across the Group, although there was a slowed growth in some markets in the second half of the year. In eastern and southeastern Europe, steadily increasing foreign direct investment and subsidies of the European Union led to strong demand.

In 2007, the construction industry benefited from the robust state of the European economies. In France, demand for construction materials increased significantly due to government programs to promote affordable housing and further investment in transport infrastructure. In the United Kingdom too, public-sector house building projects and the commercial and industrial sector were responsible for higher capacity utilization. However, in several of the Group's western European markets, construction activity declined in comparison with the previous year. Some signs of market saturation were apparent in northern Italy, while Spain witnessed a slowdown in residential construction.

Consolidated cement deliveries in Europe differed from region to region but increased by 4.3% to 34.3 million tonnes in 2007 as compared to 32.9 million tonnes in 2006. Holcim France Benelux achieved an increase in sales volume in all segments due to consistently increased orders in northern France and the expansion of the TGV high speed train line between the Rhine and the Rhone. In Germany, private residential construction activity was dampened by the end of both investment grants and tax incentives. The increase in VAT also had a negative impact on cement sales. However, Holcim Germany was able to increase its sales volumes due to rising cement exports to Russia. In northern Italy, the Group was affected by the generally weaker market and only deliveries in the ready-mix concrete business increased. In Spain, after several years of booming construction activity, a decline in residential construction led to a considerable decrease in sales in the aggregates and ready-mix concrete sectors. In the case of cement, the decline was significantly lower, because less cement was imported. In eastern and southeastern Europe, the Group increased its deliveries of cement and in many places, volumes of aggregates rose as well. The Group's sales of ready-mix concrete increased in eastern and southeastern Europe.

Consolidated aggregates volumes in Europe increased by 14.0% to 108.8 million tonnes as compared to 95.4 million tonnes in 2006, primarily because 2007 was the first full-year consolidation of Foster Yeoman, which has attractive quarries and asphalt operations and was taken over by Aggregate Industries in September 2006. Even excluding the effects of acquisition, Aggregate Industries recorded higher sales of aggregates and ready-mix concrete. The increase in production capacity utilization was due to major deliveries for the expansion of Heathrow Airport and rising demand for crushed stone in the south of England. Sales of ready-mix concrete benefited from brisk construction activity in the Greater London area.

North America

In North America, net sales fell by 2.8% to CHF 5,365 million in 2007. In the United States, sales of new single-family homes slumped to a twelve-year low and the supply overhang increased markedly, prompting significantly weaker house building activity. However, this was somewhat offset by higher order volume resulting from the government's multi- annual infrastructure plan. On balance, though, U.S. investment in construction was down compared to the previous year, and cement consumption decreased. Imports of clinker and cement were considerably reduced, declining by over 30%.

More specifically, sales volumes suffered major setbacks in the Midwest and the catchment areas of the Mississippi and Missouri Rivers. As a result, lower-margin cement imports virtually ceased. Sales in the Southwest followed a positive trend. Due to the high utilization of U.S. production facilities, Holcim U.S. saw cement production reach record volumes. In Canada, the construction sector gained momentum in Ontario and Quebec in the second half of the year, driven mainly by investment focused on the expansion of transport, utility infrastructure and the construction of schools and hospitals. The demand in the residential construction sector in Canada was driven mainly by apartment houses.

Consolidated cement sales in North America decreased by 7.3% to 16.4 million tonnes in 2007 as compared to 17.7 million tonnes in 2006. Aggregate Industries did not escape the impact of the more difficult market conditions and recorded falls in volumes of aggregates in all market regions. Ready-mix concrete sales were particularly affected by the significant fall in volumes in the Midwest, and only achieved moderate growth due to new consolidations, in particular the first-time full year inclusion of Meyer Material's sales of aggregates and ready-mix concrete. In Canada, St. Lawrence Cement recorded an increase in sales of aggregates and ready-mix concrete due to deliveries to major infrastructure projects. In the aggregates segment, the increase in sales in Canada and the first full year consolidation of the volumes of Meyer Material were not sufficient to compensate for the decrease in demand in the United States, resulting in a decline by 12.6% to 56.9 million tonnes in 2007. By contrast, due to acquisitions, consolidated sales of ready-mix concrete rose by 4.3% to 7.3 million cubic meters.

Latin America

In Latin America, net sales increased by 9.1% to CHF 4,010 million in 2007 as compared to CHF 3,675 million in 2006. Several Latin American countries benefited from continuing high world market prices for oil and other mineral commodities and from stronger demand for agricultural products, which led to a sharp rise in export revenues, particularly in Argentina, Colombia, Panama, Costa Rica, Chile, Venezuela, Brazil and Mexico. The construction sector in Latin America benefited from this favorable environment, with cement consumption increasing in all markets supplied by the Group except for El Salvador and Nicaragua.

In Mexico, growth in construction activity decreased as expected. Strong capacity utilization resulted from higher public sector investment in road building and energy supply systems. More funds were also made available for social housing. Private house building was boosted by lower interest rates, generally improved access to credit and a further sharp rise in remittances from Mexicans living abroad. In Central America and the Caribbean, tourism projects, the expansion of port facilities and improvements in transport infrastructure led to higher cement volumes. A sharp rise in consumption was recorded in Colombia due to private and commercial construction projects. In Ecuador, demand for building materials once again exceeded the previous year's level. The revival of demand in Venezuela was mainly due to social housing construction and continuing work on large-scale infrastructure projects. In Brazil, the construction sector steadily gained momentum during the course of the year, resulting in a significant increase in cement consumption. Growth was driven by private and commercial construction activity. Various infrastructure projects generated additional demand. In Argentina, public sector contracts, particularly for road building, increased cement sales. Demand for construction services also remained high in the commercial and agricultural sectors.

Africa Middle East

In the Africa Middle East region, the Group achieved sales of CHF 1,831 million in 2007, an improvement of 16.9% compared to 2006, after factoring out the deconsolidation of Holcim South Africa. Market activities in individual countries, which led to this increase in sales, was strongly influenced by local factors. In Morocco, construction of social housing led to rising cement consumption. In addition, the expansion of the road and rail network and the construction of tourist facilities on the Atlantic coast strengthened demand for building materials. In Egypt, higher purchasing power stimulated both private house building and commercial and industrial construction projects. More cement was also required for major road projects and the country's industrial expansion, particularly in the natural gas processing sector.

In June 2007, the Group sold the majority of its shareholding in Holcim South Africa under a BEE transaction, retaining a 15% stake. Holcim South Africa was therefore no longer consolidated as of June 5, 2007. As a result, cement deliveries in the Africa Middle East region declined by 5.2% to 14.5 million tonnes. For the same reasons, deliveries of aggregates also fell by 49.1% to 5.7 million tonnes, and sales of ready-mix concrete dropped by 32.0% to 1.7 million cubic meters. However, on a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), cement sales rose by 13.7%, aggregates volumes by 0.9% and ready-mix concrete by 12%.

Asia Pacific

Group region Asia Pacific companies reported a significant increase in net sales, with growth of 32.6% to CHF 6,292 million in net sales in 2007, from CHF 4,745 million in the same period of 2006. This increase in net sales was primarily due to the effect of the consolidation of new entities and to brisk construction activity, primarily in India and Indonesia.

Construction activity was strong and cement consumption rose in virtually all markets of the Asia Pacific region. Housing shortages in major cities and infrastructure expansion linked to population growth led to high construction volumes. In India, Bangladesh, Vietnam, the Philippines and Indonesia, significant demand for renewal and major pent-up demand led to better capacity utilization in the construction sector. Cement sales in this region rose by 18.0% to 64.9 million tonnes. This volume growth was attributable to the first full-year consolidation of the deliveries made by the two Indian Group companies, ACL and ACC.

With the exception of Holcim Malaysia, where cement sales decreased in 2007 because of a severe monsoon season, the Group recorded higher sales in the region. ACL and ACC increased their deliveries markedly, with production running at full capacity. The Group also recorded significant volume increases in Indonesia and the Philippines. Both Group companies benefited from the significant improvement in orders in the residential and commercial construction sectors. In Australia, cement volumes also increased, particularly in Queensland. New office buildings, shopping centers and warehouses as well as expansion projects in the mining and infrastructure sectors largely compensated for the decline in sales in the residential construction sector. In New Zealand, clinker production at the Westport plant reached a historic high helping to meet the increased demand due to higher investment in healthcare and education.

Consolidated deliveries of aggregates in the Asia Pacific region increased by 25.0% to 4.0 million tonnes, primarily due to new aggregates plants in Thailand and the solid market development in Indonesia. Deliveries of ready-mix concrete increased by 26.1% to 5.8 million cubic meters, reflecting the stronger market presence in Singapore and other important regional cities.

Production Cost of Goods Sold

The table below shows a breakdown of production cost of goods sold for 2007 and 2006:

	2007	% of Net Sales	2006	% of Net Sales
	(In CHF million, except percentages)			
Net sales	27,052	100.0	23,969	100.0
Material expenses	(4,448)	(16.4)	(3,782)	(15.8)
Fuel expenses	(1,339)	(4.9)	(1,071)	(4.5)
Electricity expenses	(1,312)	(4.8)	(1,152)	(4.8)
Personnel expenses	(2,055)	(7.6)	(2,054)	(8.6)
Depreciation, amortization and impairment	(1,480)	(5.5)	(1,411)	(5.9)
Other production expenses	(3,393)	(12.5)	(3,047)	(12.7)
Change in inventory	(46)	(0.2)	(99)	(0.4)
Production cost of goods sold	(14,073)	(52.0)	(12,616)	(52.6)
Gross profit	12,979	48.0	11,353	47.4

In 2007, production cost of goods sold increased by 11.5% to CHF 14,073 million from CHF 12,616 million in 2006. This increase was primarily the result of significant rises in energy prices, resulting in increased manufacturing costs. Average prices quoted for coal and petroleum coke in 2007 were approximately 88% and 3.5%, respectively, higher than in 2006, while gas prices remained relatively stable. Higher prices for fossil fuels also resulted in increased electricity costs, which negatively impacted production costs. Furthermore, the trend in fuel prices affected not only production costs, but also distribution costs. The efforts made by the Group in past years to increase the use of alternative fuels have limited somewhat the impact of such increases as well as the reduction of clinker factor in the production of cement. However, efficiency gains and costs savings did not entirely compensate for increases in production costs. In most countries, the Group was able to pass on rises in production costs in the form of higher sales prices for cement, aggregates, ready-mix concrete and asphalt.

Gross Profit

In 2007, the Group's gross profit increased by 14.3% to CHF 12,979 million from CHF 11,353 million in 2006. Likewise, the Group's gross profit margin increased by 0.6 percentage points compared to the previous year. These increases were principally due to higher operating efficiency, overall stable sales development and the predominantly positive price environment.

Distribution and Selling Expenses

Distribution and selling expenses consist primarily of transportation and energy costs, personnel and packing material. In 2007, distribution and selling expenses increased by 14.8% to CHF 6,150 million from CHF 5,358 million in 2006. As a percentage of net sales, distribution and selling expenses increased to 22.7% in 2007 from 22.4% in 2006. This increase is mainly due to higher energy costs and increases in transportation costs.

Administration Expenses

In 2007, the Group's administration expenses increased by 12.1% to CHF 1,805 million from CHF 1,610 million in 2006, mainly due to higher sales volumes but as a percentage of net sales, administration expenses remained stable at 6.7%

Operating Profit

In 2007, operating profit increased by 14.6% to CHF 5,024 million from CHF 4,385 million in 2006. All Group regions increased their operating profit with the exception of the Africa Middle East region, where results were impacted by the deconsolidation of Holcim South Africa, and in group region North America, where results were impacted by the slowdown in the United States economy.

The table below sets forth the Group's operating profit by geographical region for the years ended December 31, 2007 and 2006:

	Year Ended December 31,		
	2007	2006	Change
	(In CHF million, except percentages)		
Operating Profit			
Europe	1,713	1,402	22.2%
North America	623	677	(8.0)%
Latin America	1,001	993	0.8%
Africa Middle East	577	602	(4.2)%
Asia Pacific	1,341	933	43.7%
Corporate/Eliminations	(231)	(222)	(4.1)%
Total	5,024	4,385	14.6%

The table below sets forth the Group's operating profit by product segment for the years ended December 31, 2007 and 2006:

	Year Ended December 31,		
	2007	2006	Change
	(In CHF million, except percentages)		
Operating Profit			
Cement	4,385	3,832	14.4%
Aggregates	304	301	1.0%
Other Construction Materials/Services	335	252	32.9%
Total	5,024	4,385	14.6%

Other Income

Other income improved to CHF 1,242 million in 2007 from CHF 97 million in 2006, largely due to the capital gain and the special dividend from the sale of the stake in Holcim South Africa totaling CHF 1,260 million and gains on the disposal of property, plant and equipment.

Financial Income

Financial income increased to CHF 227 million in 2007 as compared to CHF 188 million in 2006, primarily due to income from loans and receivables.

Financial Expenses

In 2007, financial expenses increased by 4.6% to CHF 1,006 million from CHF 962 million in 2006. The increase is primarily due to increased interest expenditures on large-scale projects during the year.

Income Taxes

In 2007, the Group's effective tax rate was 21%, compared to 28% in 2006. The Group's effective tax rate in 2007 was significantly impacted by tax-free capital gains from divestments to third parties. In connection with the release of its financial results for 2007, the Group also announced that, in the longer-term, the Group expects its effective tax rate to remain below 30%.

Consolidated Net Income

In 2007, the Group's consolidated net income increased by 67.2% to CHF 4,545 million from CHF 2,719 million in 2006. The significant improvement in consolidated net income is largely due to increases in other income and operating profit. Changes in the scope of consolidation increased Group net income by CHF 88 million, while positive currency effects added a further CHF 31 million. Internal growth, not including the one-off proceeds from the sale of Holcim South Africa, totaled CHF 447 million.

Liquidity and Capital Resources

Consolidated Statement of Financial Position

As at June, 2009, consolidated total shareholders' equity increased by 8.9% to CHF 19,580 million from CHF 17,974 million as at December 31, 2008, primarily due to currency translation effects. In conformity with the decision taken at the Annual General Meeting on May 7, 2009, a stock dividend related to 2008 of CHF 2.25 per registered share has been paid. This resulted in a total stock dividend payment of CHF 594 million as compared to the Group's dividend distribution (including minority interests) that amounted to CHF 868 million in 2008 related to the financial year 2007.

Net financial debt increased by CHF 1,001 million to CHF 16,048 million as at June 30, 2009 from CHF 15,047 million as of December 31, 2008. This significant increase in net financial debt is largely attributable to investment activities and currency translation effects.

The ratio of net financial debt to shareholders' equity, including interests of minority shareholders (gearing), decreased by 1.7 percentage points as of June 30, 2009 compared to December 31, 2008. At 82.0% on June 30, 2009, this ratio was within the Group's target range of 80% to 100% in order to maintain an investment grade rating.

To secure liquidity, the Group held a cash and cash equivalents position of CHF 3,680 million at June 30, 2009. In addition, at June 30, 2009, the Group had unused committed credit lines of CHF 2,059 million. The Group's target of cash and cash equivalents and unused committed credit lines is CHF 5.3 billion.

As at June 30, 2009, the Group had outstanding loans from financial institutions of CHF 9,764 million, of which obligations under finance leases and derivative liabilities represented CHF 157 million and CHF 117 million, respectively. As at June 30, 2009, the Group had outstanding bonds and private placements of CHF 9,964 million. Loans from financial institutions, obligations under finance leases and derivative liabilities accounted for 49% of the Group's total financial liabilities and outstanding bonds and private placements accounted for 51% of the Group's total financial liabilities. As at June 30, 2009, the Group's commercial paper borrowings amounted to EUR 38 million. The Group's policy is to keep at least 70% of its debt at corporate level as opposed to operating company level. As at June 30, 2009, 80% of the Group's total financial liabilities were at corporate level.

As at June 30, 2009, the average maturity of financial liabilities was 3.6 years compared to 3.7 years as at December 31, 2008.

For further details regarding the Group's long-term financial liabilities, see note 28 of the Consolidated Financial Statements, included elsewhere in this Offering Memorandum. Material changes to the Group's capitalization and indebtedness since June 30, 2009 are described under "Capitalization and Indebtedness."

Historical Sources of Cash

The Group's primary sources of liquidity are cash flows generated from operating activities. The following table sets forth selected information concerning cash flows during the periods indicated:

	Six Months Ended June 30,		Year Ended December 31,		
	2009	**2008**	**2008**	**2007**	**2006**
	(Unaudited)		(In CHF million)		
Cash flow (used in) from operating activities	805	664	3,703	5,323	4,423
Cash flow used in investing activities	(1,717)	(2,639)	(5,475)	(5,565)	(4,381)
Cash flow from (used in) financing activities	585	2,085	2,667	390	(132)

Cash Flow from Operating Activities

The increase in cash flow from operating activities, despite lower operating EBITDA, in the six months ended June 30, 2009, compared to the corresponding period in the previous year was due to a vigorous focus on net working capital, particularly the management of accounts receivables and inventory. In the year ended December 31, 2008, cash flow from operating activities declined by CHF 1,620 million, or 30.4%, to CHF 3,703 million. On a like-for-like basis (excluding the effects of currency translation and changes in the scope of consolidation), the decrease amounted to CHF 1,003 million, or 18.8% and, if the special dividend of CHF 150 million in 2007 arising from the sale of the Group's South African operations are also excluded, like-for-like cash flow from operating activities decreased by 16.0%. The lower operating result impacted negatively on cash flow, while the decrease of CHF 267 million in tax charges had a positive impact. The cash flow margin was 14.7% in 2008, compared to 19.7% in 2007.

In the year ended December 31, 2007, cash flow from operating activities was CHF 5,323 million as compared with CHF 4,423 million in the same period of 2006, an increase of 20.3%. This increase in cash flow from operating activities was primarily due to an increase in operating profit and the one-time capital gain and special dividend received by the Group in connection with the sale of its investment in South Africa in June 2007, which was offset by higher income taxes.

Cash Flow used in Investing Activities

The decrease in cash flow used in investing activities in the six months ended June 30, 2009, compared to the corresponding period in the previous year was due to a decrease in maintenance and expansion investments.

The financial year 2008 saw cash flow from investment activities decrease by CHF 90 million to CHF 5,475 million. This change is partly due to the decline in investments in financial assets and partly to an increase in expansion investments. The Group invested a net CHF 4,391 million in production and other fixed assets in 2008, which represents an increase of 33.5%. This increase reflects Holcim's long-term investment program aimed at strengthening and expanding its positions in existing and maturing markets.

The cash flow used in investing activities increased to CHF 5,565 million in 2007 from CHF 4,381 million in 2006, primarily due to higher expansion investments and an increase in investment in financial assets.

Cash Flow (used in) from Financing Activities

Cash flow from financing activities decreased to CHF 585 million in the six month period ended June 30, 2009 compared to the corresponding period in the previous year mainly due to repayment of current financial liabilities and proceeds from long-term financial liabilities.

The Group reported a cash flow from financing activities of CHF 2,667 million in 2008 compared to CHF 390 million in 2007. This increase was primarily due to an increase in net current financial liabilities.

The Group reported cash flow from financing activities of CHF 390 million in 2007 compared to cash flow used in financing activities of CHF 132 million in 2006 to fund investments and refinance existing borrowings.

Cash Needs of the Group

The Group anticipates that it will require cash for refinancing, capital expenditures, changes in working capital, and general corporate purposes, including dividends, and future acquisitions. The Group currently expects that most of its cash needs (other than for acquisitions) will be met out of operating cash flow, supplemented as needed by bank loans or capital market debt.

The availability of financing is influenced by many factors, including the Group's profitability, operating cash flows, debt levels, credit ratings, contractual restrictions and market conditions. The Group cannot assure that it will be able to continue to obtain large amounts of financing in the future, through banks loans, capital markets debt or otherwise. See also "Risk Factors — The Group's ability to borrow from banks or in the capital markets may be materially adversely affected by a financial crisis in a particular geographic region, industry or economic sector."

Debt and Other Contractual Obligations

The following table presents the unaudited scheduled maturities of the Group's contractual obligations as of June 30, 2009.

	Payments Due by Period, as of June 30, 2009				
	Total	<1 Year	1-3 Years	3-5 Years	>5 Years
			(In CHF million) (Unaudited)		
Current financial liabilities[(1)]	2,973	2,973			
Long-term debt obligations[(1)]	16,481	2,726	3,216	6,595	3,944
Financial lease obligations[(2)]	157	36	52	15	54
Operating lease obligations[(2)]	881	131	206	143	401
Total	20,492	5,866	3,474	6,753	4,399

Notes:

(1) Carrying amounts. Excluding derivative liabilities.

(2) Future minimum lease payments.

Capital Expenditures

The following table shows the purchase of property, plant and equipment in the six months ended June 30, 2009 and 2008 and in the years ended December 31, 2008, 2007 and 2006.

	Six Months Ended June 30,		Year Ended December 31,		
	2009	2008	2008	2007	2006
	(In CHF million) (Unaudited)				
Purchase of property, plant and equipment, net					
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	111	429	1,104	1,043	1,062
Expansion investments	1,026	1,283	3,287	2,245	1,265
Total purchase of property, plant and equipment, net	1,137	1,712	4,391	3,288	2,327

The Group expects net capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness of around CHF 0.4 billion and expansion investments of around CHF 2.5 billion in 2009.

Credit Ratings

In each of the years ended December 31 2006, 2007 and 2008, the Guarantor's credit rating from Standard & Poor's Ratings Services was BBB+ and its credit rating from Fitch Ratings was BBB+. From May 30, 2008, the Guarantor's credit rating by Moody's Investors Service, Inc. was Baa1. As of the date of this Offering Memorandum, the Guarantor's credit rating from Standard & Poor's Ratings Services is BBB (stable), its credit rating from Moody's Investors Service, Inc. is Baa2 (stable) and its credit rating from Fitch Ratings is BBB (negative).

Research and Development

Research and development projects are carried out with a view to generating added value for customers through end user oriented products and services. Additionally, process innovation aims at environmental protection and production system improvements. Research and development costs of CHF 24 million (2007: CHF 27 million) were charged directly to the consolidated statement of income. No significant costs were incurred for licenses obtained from third parties, nor was any major revenue generated from licenses granted.

Pension Plans

Some Group companies provide pension plans for their employees which under IFRS are considered defined benefit pension plans. Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent's pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country. Benefits are dependent on years of service and the respective employee's compensation and contribution. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized actuarial losses and past service costs. The obligation resulting from the defined benefit pension plans is determined using the projected unit credit method. Unrecognized gains and losses resulting from changes in actuarial assumptions are recognized as income (expense) over the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year.

As at December 31, 2008, the net liability from funded and unfunded plans amounted to CHF 324 million, compared to CHF 392 million as at December 31, 2007.

Quantitative and Qualitative Exposure to Market Risk

General Financial Risk Management Approach

The Group's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. However, the Group does not enter into derivative or other financial transactions which are unrelated to its operating business.

Financial risk management within the Group is governed by policies approved by Group management. It provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing excess liquidity.

Market Risk

The Group is exposed to market risk, primarily relating to foreign exchange and interest rate risk. Management actively monitors these exposures. To manage the volatility relating to these exposures, the Group enters into a variety of derivative financial instruments. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk. To manage liquid funds, it may write call options on assets it has or it may write put options on positions it wants to acquire and has the liquidity to acquire. Therefore, the Group expects that any loss in value of those instruments generally would be offset by increases in the value of the underlying transactions.

Liquidity Risk

Group companies need a sufficient availability of cash to meet their obligations. Group companies are responsible for their own cash surpluses and the raising of loans to cover cash deficits, subject to guidance by the Group and, in certain cases, for approval at the Group level.

The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains sufficient reserves of cash, unused committed and uncommitted credit lines and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the strong international creditworthiness of the Group should allow it to make efficient use of international financial markets for financing purposes.

Interest Rate Risk

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. Given the Group's substantial borrowing position, interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of debt. The target fixed/floating ratio is 45/55 +/− 5 percentage points. As at June 30, 2009, 34% of the Group's total indebtedness was subject to fixed interest rates, while 66% of the Group's total indebtedness was subject to floating interest rates. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments, based on notional amounts and agreed-upon fixed and variable interest rates.

Credit Risk

Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers.

Credit risk, or the risk of counter parties defaulting, is constantly monitored. Counter-parties to financial instruments consist of a large number of major financial institutions. In addition, the Group has no significant concentration of credit risk with any single counter party or group of counter parties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in each statement of financial position.

Foreign Exchange Risk

The Group operates internationally and therefore is exposed to foreign exchange risks arising primarily from USD, GBP, EUR and INR, but also from various currency exposures in currencies from Europe, North America, Latin America, the Africa Middle East region and Asia Pacific.

The translation of local statements of financial position and statements of income into the Group reporting currency leads to currency translation effects. The Group may hedge certain net investments in foreign entities with foreign currency borrowings or other instruments. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. To the extent that the net investment hedge is effective, all foreign exchange gains or losses are recognized in equity and included in cumulative translation differences.

Due to the local nature of the construction materials business, transaction risk is limited. However, for many Group companies, income will be primarily in local currency whereas debt servicing and a significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, subsidiaries may enter into derivative contracts which are designated as either cash flow hedges or fair value hedges, as appropriate, but which do not include the hedging of forecasted transactions as the Group does not consider it economical.

The currency effect of the USD on the most important key figures of the consolidated statement of income and cash flow from operating activities as of December 31, 2008 is presented on the basis of the following sensitivity analysis. The sensitivity analysis only factors in those effects caused by the translation of local financial statements into CHF (translation effect). Currency effects from transactions conducted locally cannot be reflected in the analysis. The impact of a hypothetical decline in the value of the USD against the CHF by CHF 0.01 would have had a negative effect on net sales and operating EBITDA in 2008 of CHF 36 million and CHF 8 million, respectively. Net income and cash flow from operating activities in 2008 would have been reduced by CHF 2 million and CHF 4 million respectively.

	USD/CHF at 1.08	USD/CHF at 1.07	In CHF million
Net sales	25,157	25,121	(36)
Operating EBITDA	5,333	5,325	(8)
Net income	2,226	2,224	(2)
Cash flow from operating activities	3,703	3,699	(4)

Equities and Securities Risk

In general, the Group does not hold or acquire any shares or options on shares or other equity products which are not directly related to the business of the Group.

Off-Balance Sheet Transactions

Contingencies & Commitments

In the ordinary course of business, the Group is involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environment and health and safety matters (see also “Risk Factors — Competition regulation,” “Risk Factors — Litigation risks,” “Description of the Guarantor and Group — Competition Proceedings” and “Description of the Guarantor and Group — Legal Proceedings”).

As of December 31, 2008, the Group’s contingencies amounted to CHF 347 million and guarantees issued to third parties in the ordinary course of business amounted to CHF 330 million. In the first half of 2009, there were no significant changes concerning contingencies.

In the ordinary course of business, the Group enters purchase commitments for goods and services, buys and sells investments, associated companies and Group companies or portions thereof. It is common practice that the Group makes offers or receives call or put options in connection with such acquisitions and divestitures. The Group does not expect to incur losses as a result of these offers and options. As no active market exists for these options and it appears highly unlikely that these options could be sold to third parties as they represent only minority interests, management believes that the fair value of both call and put options cannot be reliably estimated.

At December 31, 2008, the Group’s commitments amounted to CHF 1,752 million, CHF 666 million of which related to the purchase of property, plant and equipment.

In 2008, the Group agreed to participate at market rates in a financing for AfriSam, in which it holds a 15% interest. As a result, the Group’s maximum contingent exposure out of that transaction amounts to ZAR 2.7 billion (CHF 310 million). Holcim subscribed to loan notes in the amount of ZAR 2.6 billion (CHF 294 million) during the first half of 2009.

On June 15, 2009, Holcim and Cemex España S.A. entered into a share purchase agreement relating to the sale of 100% of the share capital of Cemex Australia Holdings including the 25% stake in Cement Australia for a total consideration of AUD 2,020 million (CHF 1,778).

Holcim has agreed to subscribe to a private placement issued by its associated company Huaxin Cement Co. Ltd. ("Huaxin") amounting to CNY 1.6 billion (CHF 252 million) and so confirms its commitment to further deepen the strategic relationship with Huaxin.

Critical Accounting Policies

The reported results of the Group are sensitive to accounting policies assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the Consolidated Financial Statements and Consolidated Interim Financial Statements are set out in the notes thereto. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most material critical accounting policies are as follows:

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery has taken place and the transfer of risks and rewards of ownership has been completed.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive payment is established.

Certain activities of the Group are construction contract driven. Consequently, contract revenue and contract costs are recognized in the statement of income on the percentage of completion method, with the stage of completion being measured by reference to actual work performed to date.

Property, plant and equipment

Property, plant and equipment is valued at acquisition or construction cost less depreciation and impairment loss. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Land	No depreciation except on land with raw material reserves
Buildings and installations	20 to 40 years
Machinery	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Group in future periods and the cost of the item can be measured reliably. Costs include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. All other repairs and maintenance expenses are charged to the statement of income during the period in which they are incurred.

Mineral reserves, which are included in the "land" class of property, plant and equipment, are valued at cost and are depreciated based on the physical unit-of-production method over their estimated commercial lives.

Costs incurred to gain access to mineral reserves are capitalized and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves.

Interest cost on borrowings to finance construction projects which last longer than one year are capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Government grants received are deducted from property, plant and equipment and reduce the depreciation charge accordingly.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is capitalized at the date of inception of the lease at the present value of the minimum future lease payments. The corresponding lease obligations, excluding finance charges, are included in either current or long-term financial liabilities.

For sale and lease-back transactions, the book value of the related property, plant or equipment remains unchanged. Proceeds from a sale are included as a financing liability and the financing costs are allocated over the term of the lease in such a manner that the costs are reported over the relevant periods.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries and interests in joint ventures is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill that is recognized as an intangible asset is tested annually for impairment and carried at cost less accumulated impairment losses.

On disposal of a subsidiary, associate or joint venture, the related goodwill is included in the determination of profit or loss on disposal.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

In the event that the Group acquires a minority interest in a subsidiary, goodwill is measured at cost, which represents the excess of the purchase consideration given over the Group's additional interest in the book value of the net assets acquired.

If the cost of an acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

Computer Software

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and which will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are capitalized and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years.

Other Intangible Assets

Expenditure on acquired patents, trademarks and licenses is capitalized and amortized using the straight-line method over their estimated useful lives, but not exceeding 20 years.

Impairment of Non-Financial Assets

At each statement of financial position date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Group estimates the recoverable amount of the smallest cash generating unit to which the non-financial asset belongs.

If the recoverable amount of a non-financial asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset or cash generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for that non-financial asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of income.

Impairment of Financial Assets

At each statement of financial position date, the Group assesses whether there is any indication that a financial asset may be impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis.

In relation to accounts receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Long-term Financial Liabilities

Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the statement of income over the term of the borrowings.

Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option which is recognized and included in shareholders' equity; the value of the conversion option is not changed in subsequent periods.

Long-term derivative liabilities are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 Financial Instruments: Recognition and Measurement, in which case they will be classified as held for trading.

Financial liabilities that are due within 12 months after the statement of financial position date are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until more than 12 months after the statement of financial position date.

Site Restoration and Other Environmental Provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage is recorded through operating costs over the life of the site to reflect the best estimate of the expenditure required to settle the obligation at statement of financial position date. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to, or deducted from, the cost of the related asset as appropriate in the current period. All provisions are discounted to their present value based on a long-term borrowing rate.

Emission Rights

The initial allocation of emission rights granted is recognized at nominal amount (nil value). Where a Group company has emissions in excess of the emission rights granted, it will recognize a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not intend to speculate with these in the open market.

Other Provisions

A provision is recognized when there exists a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Employee Benefits — Defined Benefit Plans

Some Group companies provide defined benefit pension plans for employees. Professionally qualified independent actuaries value the funds on a regular basis. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs.

Actuarial gains or losses are amortized based on the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized net actuarial losses and past service costs.

Employee Benefits — Defined Contribution Plans

In addition to the defined benefit plans described above, some Group companies sponsor defined contribution plans based on local practices and regulations. The Group's contributions to defined contribution plans are charged to the statement of income in the period to which the contributions relate.

Employee Benefits — Other Long-term Employment Benefits

Other long-term employment benefits include long-service leave or sabbatical leave, medical aid, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the year end, profit sharing, bonuses and deferred compensation.

The measurement of these obligations differs from defined benefit plans in that all actuarial gains and losses are recognized immediately and no corridor approach is applied.

Employee Benefits — Equity Compensation Plans

The Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The amounts are charged to the statement of income over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting.

Contingent Liabilities

Contingent liabilities arise from conditions or situations where the outcome depends on future events. They are disclosed in the notes to the financial statements.

Recent Developments

In the first half of 2009, there was no sign of an economic turnaround. Markets such as the U.S., the UK, Spain and Eastern Europe are expected to remain challenging. In contrast, the Group believes that Asia, and India in particular, will likely continue to show growth. In Latin America and in Africa Middle East, the Group expects business to likewise follow a favorable trend. On balance, Holcim's strong footprint in the emerging markets partially offsets the negative EBITDA development in the mature markets. In Europe and North America, the government stimulus programs will have a positive impact on demand building up gradually over the next year.

Therefore, Holcim will continue to concentrate its strength on factors that it can influence. This includes focusing on the rapid reduction of production capacity in all segments to changes in the market environment and the consistent implementation of the cost-cutting programs. The targeted reduction in fixed costs in 2009 has been increased from CHF 375 million to CHF 600 million.

Furthermore, continued high priority is given to the financial strength of the Group. Investments will continue to be kept to a minimum, and current assets will be strictly managed.

The Board of Directors and the Executive Committee believe that the rigorous cost reduction, the favorable development of cash flow from operating activities, the successful capital market and refinancing transaction as well as the strategic expansion in Australia and China, provide the basis for strengthening the Group in preparation for the next economic upturn.

DESCRIPTION OF HOLCIM US FINANCE S.À. R.L. & CIE S.C.S.

Holcim US Finance S.à r.l. & Cie S.C.S. ("SCSL") was incorporated on November 28, 2005 under Luxembourg law as a *société en commandite simple.* SCSL has been incorporated for an unlimited duration and has been registered with the Luxembourg Register of Commerce and Companies under number B 112666 on 21 December 2005. The Articles of Incorporation of SCSL have not been amended since its date on incorporation on 28 November 2005. SCSL's principal purpose, as set out in Article 3 of its Articles of Incorporation, is to act as a financing vehicle. The registered office of SCSL is at 21, rue Louvigny, 1946 Luxembourg and its telephone number is +35 22 673 8840. The authorized share capital of SCSL is U.S. $10,000 divided into 100 partnership interests of par value U.S. $ 100, each of which is ultimately 100% directly and/or indirectly held by Holcim Ltd. The shares are all fully paid. The Sole Manager representing SCSL is Holcim US Finance S.à r.l. which is validly represented by any two managers out of the following list:

Managers	Function	Address	Other Principal Activities
Christoph Haller	Manager	c/o Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	None
Christof Hässig	Manager	c/o Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	None
Andreas Kranz	Manager	c/o Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	None
Theophil H. Schlatter	Manager	c/o Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	None
François Winandy	Manager	c/o Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	None

The General Managers of SCSL are Andreas Kranz and Markus Herbst.

SCSL is not aware of any potential conflicts of interest between the duties to SCSL of the persons listed above and their private interests or duties.

SCSL is not rated by any internationally recognized rating agency.

SCSL is in compliance with the corporate governance regime under the laws of Luxembourg and notably the Law of 10 August 1915 on Commercial Companies, as amended (the "Law on Commercial Companies"). The Sole Manager of SCSL manages SCSL in accordance with the general principles of Luxembourg corporate law and the provisions of the Law on Commercial Companies. SCSL's principal purpose is to act as a financing vehicle for the Holcim Group and it has no independent operating business of its own.

SCSL is registered in Luxembourg, in the Grand Duchy of Luxembourg and its ultimate parent company, Holcim Ltd, is registered in Switzerland.

SCSL has not distributed any dividends since the date of its incorporation.

The auditors of SCSL are Ernst & Young S.A. (member of the Luxembourg *"Institut des Réviseurs d'Enterprises"*), 7 Parc d'Activité Syrdall, L-5365 Munsbach. The financial statements of SCSL for the years ended 31 December 2007 and 2008 were audited by Ernst & Young S.A. The financial year of SCSL ends on 31 December in each year.

Capitalization of SCSL

The following table sets out the capitalization of SCSL as at December 31, 2008. This capitalization table should be read in conjunction with the financial statements of SCSL and the Notes thereto which are set out elsewhere in this Offering Memorandum.

	(USD thousands)
Total liabilities	
USD 125,000,000 5.96% Private placement 2006-2013	124,753
USD 125,000,000 6.10% Private placement 2006-2016	124,718
USD 200,000,000 6.21% Private placement 2006-2018	199,525
EUR 90,000,000 5.12% Private placement 2008-2013	131,790
EUR 358,000,000 5.65% Private placement 2008-2013	502,710
EUR 202,000,000 5.80% Private placement 2008-2015	283,581
USD 88,100,000 0.64% Credit line 2006-2013	88,100
USD 289,175,000 1.98% Credit line 2006-2013	289,175
USD 450,000,000 0.64% Credit line 2006-2013	450,000
USD 200,000,000 0.64%. Credit line 2008-2013	200,000
USD 144,351,000 0.64% Credit line 2008-2013	144,351
Other long-term liabilities	81,030
Total long-term liabilities	2,619,733
USD 440,000,000 2.31% Credit Line 2007-2009	440,000
Other short-term liabilities	31,690
Total short-term liabilities	471,690
Total liabilities	3,091,423
Partners' equity	
Share capital	10
Reserves	2,698
Total partners' equity	2,708
Total liabilities and partners' equity	3,094,131

Note:

(1) There has been no material change in the capitalization of SCSL since 31 December 2008.

Summary Financial Information of SCSL

The following tables set out in summary form non-consolidated statement of income and balance sheet information relating to SCSL. Such information is derived from, is qualified by reference to and should be read in conjunction with the audited non-consolidated financial statements of SCSL as at and for the years ended December 31, 2008, 2007 and 2006, respectively, which are set out elsewhere in this Offering Memorandum.

Non-consolidated Statement of Income

	Year Ended December 31,		
	2008	2007	2006
	(All amounts in USD thousands)		
Revenues			
Financial income	198,403	116,463	17,479
	198,403	116,463	17,479
Expenses			
Financial expenses	(198,347)	(115,425)	(14,475)
Administration expenses	(26)	(907)	(2,935)
Foreign exchange gains/losses net	(2)	0	0
	(198,375)	(116,332)	(17,410)
Net income before taxes	28	131	69
Income taxes	0	(69)	(30)
Net income for the period	28	62	39

Non-consolidated Balance Sheet

	As at December 31,		
	2008	2007	2006
	(All amounts in USD thousands)		
Cash and cash equivalents	950	133	15,242
Prepaid expenses and other current assets	11,830	16,292	1,126
Total current assets	12,780	16,425	16,368
Long-term financial receivables	3,081,351	2,500,831	516,600
Total long-term assets	3,081,351	2,500,831	516,600
Total assets	3,094,131	2,517,256	532,968
Current financial liabilities	440,000	0	0
Other current liabilities	31,690	17,426	14,633
Total short-term liabilities	471,690	17,426	14,633
Long-term financial liabilities	2,619,733	2,499,719	518,286
Total long-term liabilities	2,619,733	2,499,719	518,286
Total liabilities	3,091,423	2,517,145	532,919
Share capital	10	10	10
Reserves	2,698	101	39
Total partners' equity	2,708	111	49
Total liabilities and partners' equity	3,094,131	2,517,256	532,968

DESCRIPTION OF HOLCIM CAPITAL CORPORATION LTD.

Holcim Capital Corporation Ltd. ("HCC") was originally incorporated under the name Holderbank Investments Limited as an exempted company on June 7, 1989 under Bermuda law. HCC has been incorporated for an indefinite period and was registered with the Registrar of Companies of Bermuda on June 7, 1989 under number EC 14722. On December 4, 1989, HCC changed its name to Holderbank Capital Corporation Ltd. On May 23, 2001, HCC changed its name to Holcim Capital Corporation Ltd. The most recent Bye-Laws of HCC were adopted on February 28, 2007. The objects for which HCC is formed are unrestricted as set out in clause 7 of its memorandum of association. The registered office of HCC is at Victoria Hall, 11 Victoria Street, Hamilton HM11, Bermuda and its telephone number is +1 441 296 6234. The authorized share capital of HCC is USD 2,630,000 divided into a single class of 2,630,000 shares of par value USD1.00, each of which is ultimately 100% directly and/or indirectly held by Holcim Ltd. The shares are all fully paid.

The Board of Directors

The Board of Directors consists of:

Directors	Function	Address	Other Principal Activities
D. Bradfield Adderley	Director	c/o Appleby Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda	Aegian Insurance Company Limited, Director Genesis Limited, Director Lucent Technologies Communications Limited, Director Lucent Technologies Europe, Director Lucent Technologies Holdings and Finance Company Limited, Director Lucent Technologies Ireland Holding Limited, Director MS Frontier Reinsurance Limited, Director Sears Reinsurance Company Ltd., Director
Janita Burke	Director	c/o Appleby Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda	Aegian Insurance Company Limited, Director Amerimed Insurance Ltd, Director Chartfield Reinsurance Company Ltd., Director Dirnan Insurance Company Limited, Director Jamestown Insurance Company Limited, Director NFI International Ltd., Director Sitnal Insurance Company Ltd., Director TIG (Bermuda) Ltd., Director Wingfoot Insurance Company Limited, Director XN Re. Ltd., Director
Christoph Haller	Director	c/o Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	None
Christof Hässig	Director	c/o Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	None

Directors	Function	Address	Other Principal Activities
Martine E. Purssell	Director	c/o Marsh Management Services (Bermuda) Ltd. Victoria Hall 11 Victoria Street Hamilton HM11 Bermuda	Adecco Reinsurance Co Ltd., Director Bergere Ltd., Director Centron Ltd., Director Electronics Technology Insurance Co Ltd., Director Con-way Insurance Co Ltd., Director HTH Re, Ltd., Director Jacana Re Ltd., Director Leets Assurance Ltd., Director Marathon Insurance Company Ltd., Director Ordway Indemnity Ltd., Director St Pancras Too Company Ltd., Director
Theophil H. Schlatter	Director	c/o Holcim Ltd Zürcherstrasse 156 8645 Jona Switzerland	None

HCC is not aware of any potential conflicts of interest between the duties to HCC of the persons listed above and their private interests or duties.

The alternate directors are Joelina Redden and Jane Walker (both to Janita Burke and D. Bradfield Adderley), Andreas Kranz (to Theophil H. Schlatter) and Deirdre Casey (to Martine E. Purssell). The officers and staff of HCC consist of D. Bradfield Adderley (President), Manuela Suter (Vice-President), Martine E. Purssell (Vice-President and General Manager), Heather Oakley (Assistant Vice-President), Stacey Edness (Secretary) and Appleby Services (Bermuda) Ltd. (Assistant Secretary). None of the members of the Board of Directors, officers and staff of HCC has any beneficial interest in the debentures or shares of HCC, nor are there any schemes for involving them in the capital thereof.

HCC is not rated by any internationally recognized rating agency.

HCC is in compliance with the corporate governance rules under the Bermuda Companies Act 1981 that it is required to comply with. HCC's principal purpose is to act as a financing vehicle for the Holcim Group and it has no independent operating business of its own.

HCC has not distributed any dividends in respect of its last five financial years.

The auditors of HCC are Ernst & Young Ltd, Reid Hall, #3 Reid Street, Hamilton, Bermuda. The financial statements of HCC for the years ended December 31, 2008, 2007 and 2006 were audited by Ernst & Young Ltd. The financial year of HCC ends on December 31 in each year.

Capitalization of HCC

The following table sets out the capitalization of HCC at December 31, 2008. This capitalization table should be read in conjunction with the financial statements of HCC and the notes thereto included elsewhere in this Offering Memorandum.

	(U.S.$ thousands)
Total liabilities	
USD 150,000,000 7.05% Private placement 2001-2011	166,613
USD 208,000,000 7.05% Private placement 2001-2011	207,730
USD 50,000,000 7.65% Private placement 2001-2031	49,827
USD 65,000,000 6.59% Private placement 2002-2014	64,895
USD 100,000,000 6.59% Private placement 2002-2014	100,000
Other long-term liabilities	160,923
Total long-term liabilities	749,988
USD 105,000,000 5.93% Private placement 2002-2009	104,969
Other short-term liabilities	240,159
Total short-term liabilities	345,128
Total liabilities	1,095,116
Shareholders' equity	
Share capital	2,630
Capital surplus	5,133,651
Reserves	900,014
Total shareholders' equity	6,036,295
Total liabilities and shareholders' equity(1)	7,131,411

Note:

(1) There has been no material change in the capitalization of HCC since December 31, 2008.

Summary Financial Information of Holcim Capital Corporation Ltd.

The following tables set out in summary form non-consolidated statement of income and balance sheet information relating to HCC. Such information is derived from, is qualified by reference to and should be read in conjunction with the audited non-consolidated Financial Statements of HCC as at and for the years ended December 31, 2008, 2007 and 2006, respectively, and the notes thereto included elsewhere in this Offering Memorandum.

Non-consolidated Statement of Income

	For the Year Ended December 31,		
	2008	2007	2006
	(U.S.$ thousands)		
Revenues			
Dividend income	31,489	104,826	122,534
Financial income	172,559	176,275	143,751
	204,048	281,101	266,285
Expenses			
Financial expenses	(70,127)	(98,751)	(235,171)
Administration expenses	(441)	(246)	(1,072)
Foreign exchange gains/losses	65,911	12,900	2,341)
Other expenses	0	(104)	(160)
	(4,657)	(86,201)	(234,062)
Net income before taxes	199,391	194,900	32,223
Income taxes	(115)	(354)	0
Net income for the period	199,276	194,546	32,223

Non-consolidated Balance Sheet of HCC

	As at December 31,		
	2008	2007	2006
	(U.S.$ thousands)		
Cash and cash equivalents	532,024	319,082	621,980
Short-term financial receivables	176,512	150,223	162,528
Prepaid expenses and other current assets	15,377	8,721	12,316
Total current assets	723,913	478,026	796,824
Financial investments	3,410,036	3,120,666	2,984,532
Long-term financial receivables	2,997,462	3,103,065	1,735,469
Total long-term assets	6,407,498	6,223,731	4,720,001
Total assets	7,131,411	6,701,757	5,516,825
Current financial liabilities	327,660	221,147	253,189
Other current liabilities	17,468	22,046	25,532
Total short-term liabilities	345,128	243,193	278,721
Long-term financial liabilities	749,988	771,545	1,110,500
Total long-term liabilities	749,988	771,545	1,110,500
Total liabilities	1,095,116	1,014,738	1,389,221
Share capital	2,630	2,630	2,630
Capital surplus	5,133,651	4,983,651	3,618,782
Reserves	900,014	700,738	506,192
Total shareholder's equity	6,036,295	5,687,019	4,127,604
Total liabilities and shareholder's equity	7,131,411	6,701,757	5,516,825

DESCRIPTION OF THE GUARANTOR AND THE GROUP

The selected historical financial information included in this section has been extracted or derived from the Consolidated Financial Statements and the Interim Financial Statements, which were prepared and presented in accordance with IFRS. This information should be read in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Conditions" and the Consolidated Financial Statements and Interim Financial Statements and the notes related thereto included elsewhere in this Offering Memorandum.

Overview

Founded in Switzerland in 1912, the Group is one of the world's leading suppliers of cement and aggregates (crushed stone, sand and gravel). The Group also supplies ready-mix concrete and asphalt, and provides related services. The Group's business activities are organized into five geographical segments, the regions Europe, North America, Latin America, Africa Middle East and Asia Pacific and divided into three product segments:

- the cement segment includes all activities focusing on the manufacture and distribution of cement and other cementitious materials;
- the aggregates segment comprises the production, processing and distribution of aggregates; and
- the other construction materials and services segment includes ready-mix concrete, concrete products as well as asphalt, construction and paving. This segment also includes the international trading activities of the Group relating to cement, clinker, fuels and raw materials, including the purchase of coal and petroleum coke, both important sources of energy for the cement industry.

The Group has a diversified customer base for its products and is not reliant upon any individual customers in any geographic region in which it operates.

The Group operates in more than 70 countries and employs approximately 82,000 personnel. As at December 31, 2008, the Group operated a total of 151 cement and grinding plants and owned 415 aggregate plants, 1,217 ready-mix concrete plants and 125 asphalt plants worldwide. As at June 30, 2009, the Group had an installed annual production capacity of 192.5 million tonnes of cement.

For the year ended December 31, 2008, the Group reported an operating profit of CHF 3,360 million on net sales of CHF 25,157 million compared to an operating profit of CHF 5,024 million on net sales of CHF 27,052 million in 2007.

Business Strategy

The Group's aim is to create sustainable value for all its stakeholders. It therefore seeks to ensure that its business goals are in line with the three pillars of the "triple bottom line approach," namely value creation, sustainable environmental performance and social responsibility.

The Group's strategic priorities are product focus, geographic diversification and the leadership principle of local management and global standards.

Ability to create value by strong product focus

As one of the leading suppliers in the building materials industry, the Group sees its core competences as being in the areas of innovative production and marketing of value-adding products and services in its three product segments. It strives for the highest standards of customer satisfaction by developing new products on an ongoing basis. Moreover, the Group is focused on enhanced quality, services and the delivery of new applications that may allow it to generate enhanced margins by increasing output and prices. In recent years, Holcim has increased the use of mineral components, such as slag, fly ash and pozzolan, in the production of cementitious products. Mineral components can be mixed with clinker to improve the cementitious properties and can be sold as specialty cement. Market driven changes in product and quality have underlined the importance of the Group's ability to respond flexibly in the area of product differentiation, which is of particular importance in mature markets where it is especially important to the Group to be able to market itself as a solution provider for its customers. The acquisition of Aggregate Industries in 2005 enabled the Group to expand the scope of its product range in the United States and the United Kingdom to cover a wide range of aggregates, including downstream value-added materials such as asphalt, ready-mix concrete, pre-cast concrete and surfacing.

The acquisition of CEMEX Australia Holdings enables the Group to diversify its product portfolio in Australia, where the Group's current presence is limited to the cementitious business and some minor participations, through its 50% stake in Cement Australia. The acquisition will enable the Group to vertically integrate its position in Australia and offer a wide range of products, including cement, aggregates and ready-mix concrete.

Ability to capitalize on geographic diversification

With a market presence in over 70 countries, the Group is well geographically diversified. As part of its growth strategy, the Group has strengthened its position in emerging markets. In 2008, the emerging markets of eastern and southeastern Europe, Latin America, the Africa Middle East region and Asia accounted for 50.8% of the Group's net sales. The Group believes that this broad geographical basis contributes to more stable earnings as cyclical declines in individual markets may be off-set by growth in other markets. However, in order to keep a balanced portfolio between developed industrial and emerging growth markets, the Group carefully analyses market opportunities throughout the entire world and in all three of its segments of activity.

In June 2009, the Group agreed to acquire CEMEX Australia Holdings because it believes that this acquisition represents an opportunity to enhance its geographic diversification by balancing the Group's portfolio between mature markets and emerging markets.

The Group also believes that its well diversified geographical and product portfolio has contributed to its consistent results at the Group level and can make it less vulnerable to fluctuations in regional demand for building materials, which is cyclical.

Ability to benefit from local management with global standards

The Group's efforts to meet the challenges of an increasingly competitive global marketplace are based on the operational responsibility of Group companies and on the imposition of global standards throughout the Group. As each Group company's business is a local business, local management aims to optimize customer relationship management, market orientation and social responsibility. Local management drives improvements in operating performance within a business and regulatory environment and local culture it understands. However, with increasing globalization and convergence, the Group believes that the development and implementation of central strategies and standards contribute to achieving a higher degree of efficiency. Thus, the Group's global strategy underpins local efforts and promotes the release of regional and Group-wide synergies through the transfer of know-how and experience. To foster these qualities, the Group strives to create a working climate that encourages personal and professional development. The Group believes that the ability to grow from a collection of companies into a single group and to leverage local strength by seeking to apply global standards is clearly reflected by the increased recognition of the Group's brand. The Group believes that its globally shared identity consolidates the homogenous image perceived by customers and helps to motivate employees.

Underpinning the Group's strategy are five key mindsets:

Better cost management

Cement and aggregates are essentially commodity products and, as a result, the Group has increased its focus on value-added products and services in the other construction materials and services and improved cost management, in particular in production and distribution, to increase its margins. The Group plans to continue to take additional measures to improve cost management. Examples are the successful use of alternative fuels and raw materials in order to mitigate the effect of the significant volatility in energy prices (as well as to minimize CO_2 emissions), the creation of shared service centers and management clusters to realize synergies by reducing IT and other support process costs.

Permanent marketing innovation

The focus on innovative customer solutions is key to improving the Group's performance and that of its customers. The Group provides solutions to meet the increased demand for its products while also encouraging customer demand for sustainable and eco-efficient products. These efforts sometimes present a challenge as it takes time to build trust in new products.

In the year ended December 31, 2008, more than 70% of cement types produced by the Group contained significant amounts of mineral components. These are cement constituents that are not derived from clinker production and include blast furnace slag and fly ash.

Human resources excellence

The Group's human resources development strategy is focused on two key areas: expertise and behavior. The Group believes that both aspects taken together will secure its long-term success. The Group strives to provide a work environment in which people feel valued and have opportunities for professional and personal growth. This is vital to ensuring a loyal, motivated and productive workforce. Developing leaders and employees is, and remains, one of the Group's most important tasks.

Sustainable environmental performance

The Group enjoys a strong reputation for sustainable environmental performance throughout the building materials industry. The Group believes that corporate responsibility is properly viewed in terms of the "triple bottom line" — value creation, sustainable environmental performance and social responsibility. This concept has been part of both Group strategy and management systems for many years. In 2008, the Group was named industry leader in the Dow Jones Sustainability Index (DJSI) for the fourth consecutive year. Based on an external report, the Group is the cement manufacturer with the lowest CO_2 emissions per tonne of cement produced. In accordance with Global Reporting Initiative guidelines, the Group published its fourth sustainability report for the year 2007 in June 2008. The report contains information on the Group's economic, environmental and social commitments and related challenges. It is also a progress report highlighting key actions taken in support of the UN Global Compact's ten principles to which the Group subscribes.

Corporate social responsibility

The Group also emphasizes its commitment to social responsibility as a key element in its long-term growth strategy. Respect for the communities and environment in which the Group operates is seen as important to its future. Individual Group companies have in the past introduced measures and the Group places great emphasis on standards to be applied throughout the Group. Priority issues are occupational health and safety, climate and energy, community involvement and stakeholder dialogue.

The Group continues to take steps to improve occupational health and safety (OH&S) performance, thereby reducing the number of injuries and fatalities. To achieve ongoing improvements, the Group developed and launched the Holcim OH&S management system and the "Passion for Safety" action plan. The management system sets the base for systematically eliminating root causes for incidents whereas the action plan's aim is to foster a "culture of safety" whereby all of the Group's employees are entrusted with their own safety and the safety of others. As part of the initiative, all employees are expected to observe five cardinal rules, one of which provides that all incidents must be reported.

Operating Strengths

The Group considers that its operating strengths are as follows:

Cement and aggregates as the basis

The Group is one of the world's leading suppliers in the building materials industry. Its success over a period of decades is founded on a clear product strategy. At its heart is the production and distribution of cement and aggregates which are key materials for the construction industry. The main focus of investment activities and value creation efforts is the processing of raw materials. This is highly capital-intensive and commits assets over the long-term. The extraction of large quantities of raw materials, the operation of capital-intensive cement plants and the distribution of building materials to a local or regional market requires a strong local presence in the relevant areas and an awareness of the related responsibility.

In order to capture long term growth, the Group is pursuing a twin leg strategy. It focuses on the establishment and expansion of cement production in emerging markets, where currently around 75% of the Group's cement capacity is located. As an economy matures, vertical integration becomes more significant. The ready-mix concrete business is established first in major urban centers. In more mature markets, the range of products is even more diversified and includes aggregates, asphalt and concrete products. Because of the high degree of regulation in industrialized nations, it is also strategically important to secure high-grade raw material reserves.

Capacity expansion strengthens the Group's activities

Although demand for building materials is cyclical, Holcim believes that underlying demand for the Group's products will continue to increase because of population growth. The Group intends to continue to benefit from this market growth in the future. In 2008, the Group commissioned 1.5 million tonnes of cement capacity. As of the end of 2008, the Group also had 25.2 million tonnes of capacity expansion projects under way that are currently expected to be finalized by 2011. In this way, the Group is creating a solid foundation for future growth. The additional capacity meets the highest technological standards in terms of costs and environmental efficiency. In many cases, the new capacity is being built at existing plant locations, where Group companies already have robust market positions and secured reserves of raw materials.

Innovative products for an extended customer base

The Group is stepping up the pace of innovation along the entire value chain. Increasingly, tailor-made solutions are being offered to make sure that the product range meets customer needs at the local level. In order to fully exploit its potential, the Group has standardized all key corporate processes. This allows local management to concentrate on market and cost leadership, on basic and advanced training for senior managers and staff and on developing relations at local level.

The Group is committed to using new building materials that are more competitive and sustainable than other products and is therefore stepping up its use of composite cements containing special mineral components in addition to clinker and gypsum. Across the Group, the proportion of overall sales taken up by composite cements has continued to rise over the past few years: at the end of 2008, they accounted for more than 70%, whereas traditional Portland cement accounted for less than 30% Product innovation, in combination with targeted services, is also helping customers to achieve progress in terms of productivity gains.

Sustainable value creation as paramount objective

The Group aspires to be the most respected and attractive company in the building materials industry. The return on invested capital should exceed the Group's after-tax weighted average cost of capital (WACC) of 8% on a sustainable basis.

Measured according to Holcim Value Added (being calculated as operating profit minus standard capital cost percentage multiplied by long-term net operating assets), the Group has created substantial added value in recent years beyond the WACC before tax of 11.8% However, as a result of the changed economic situation, value creation has decreased to 10.2% in 2008. Measures were taken in all areas with the intent to improve rates of return again despite recessionary pressure.

An employer who both nurtures and demands

The Group aims to be an exemplary employer, able to recruit, motivate and retain the best staff. Clear management principles and systematic career development opportunities for staff provide the basis for optimum performance. Holcim demands commitment, but by the same token it also rewards hard work. In particular, this means operating a system of performance-related pay.

Products

Cement

The Group is one of the leading producers of cement and clinker in the world in terms of consolidated volume sold. The cement segment accounted for sales of CHF 16,248 million for the year ended December 31, 2008, compared to CHF 17,223 million in 2007. In 2008, sales of cement represented 57.6% of the Group's total net sales, including intra-Group sales, compared to 57.5% in 2007.

Cement is manufactured through a large-scale, complex and capital-intensive process. At the core of the production process is a rotary kiln, in which limestone and clay are heated to approximately 1,450 degrees Celsius. The semi-finished product, called clinker, is created by sintering. In the cement mill, gypsum is added to the clinker and the mixture is ground to a fine powder — traditional Portland cement. Other high-grade materials such as granulated blast furnace slag, fly ash, pozzolan and limestone are added in order to modify the properties of the cement. Holcim offers customers a very wide range of cements and also develops customized solutions for special applications.

The Group believes it has access to sufficient reserves of raw materials, such as limestone, to supply its production plants over their projected useful lives. Supplies of gypsum are generally plentiful and the Group has experienced no difficulties in maintaining its sources of supply for the production of cement and clinker.

Cement production generally is highly capital-intensive. Energy consumption is also high in the cement industry. The Group uses alternative fuels such as industrial waste and other fossil-based waste, used tires, solvents, plastics and waste oil in many of its plants and has successfully lowered the clinker factor in its final cement products to reduce emissions and energy consumption. The Group also enters into long-term supply contracts for certain of its energy needs, if appropriate. Improved plant design has also led to greater fuel efficiencies.

Since transport costs are high relative to the price of cement, production plants are mostly located near to both sources of raw materials and major areas of consumption. Depending on transportation facilities, the consumption areas supplied by a plant are usually within a range of not more than 100 kilometers for truck delivery and 700 kilometers for rail delivery. In large geographic areas, distribution from the production plant to customers is generally achieved with distribution terminals, which are located near major areas of consumption. Transportation from the plant to such terminals is undertaken by water, rail or road. Given that transportation costs can be significant in relation to the price of its products, the Group has generally avoided plants which produce purely for export. In order to improve flexibility, the Group has also located a number of production facilities near ports and waterways, in order to increase its ability to deliver products by low cost water transportation.

The Group emphasizes the importance of quality control, but it does not have a uniform quality control policy as requirements, specifications and standards differ from one market to another. Quality control procedures are carried out at the individual production plants by reference to standards applicable to the market served by such plant.

The Group operates, in total, 151 cement and grinding plants, with an installed annual capacity worldwide of 194.4 million tonnes of cement as of December 31, 2008. During the year ended December 31, 2008, cement and clinker sales in volume terms decreased by 4.1% to 143.4 million tonnes.

The following table summarizes the Group's cement production capacity by region as at June 30, 2009 and 2008, and December 31, 2008, 2007 and 2006:

	As at June 30,				As at December 31,					
	2009	% of Total	2008	% of Total	2008	% of Total	2007	% of Total	2006	% of Total
	(Unaudited)				(In million tonnes or % of total)					
Europe	49.4	25.7	48.9	25.0	47.4	24.4	48.9	24.7	46.9	23.7
North America	18.3	9.5	22.3	11.4	21.3	11.0	22.3	11.3	22.1	11.2
Latin America	31.2	16.2	34.0	17.4	31.9	16.4	34.0	17.2	35.3	17.8
Africa Middle East	10.9	5.7	10.2	5.2	11.1	5.7	13.9	7.0	17.7	8.9
Asia Pacific	82.7	43.0	80.3	41.0	82.7	42.5	78.7	39.8	75.8	38.3
Total capacity	192.5	100.0	195.7	100.0	194.4	100.0	197.8	100.0	197.8	100.0

Aggregates

The Group is a producer of aggregates. The aggregates segment accounted for total net sales of CHF 2,518 million for the year ended December 31, 2008, compared to total net sales of CHF 3,190 million in 2007. Sales of aggregates in 2008 represented 8.9% of the Group's total net sales including intra-Group sales, as compared to 10.7% in 2007.

Aggregates include crushed stone, gravel and sand. The production process centers around quarrying, preparing and sorting the raw material, as well as quality testing. Aggregates are mainly used in the manufacturing of ready-mix concrete, concrete products and asphalt as well as for road building and railway track beds. The recycling of aggregates from concrete material is an alternative that is also gaining importance at Holcim.

Demand for aggregates is relatively fragmented as supply is provided from locations relatively close to markets. Demand can vary within even national markets, thus underscoring the importance of a strong cost and market position in the relevant market.

As of December 31, 2008, the consolidated Group owned 415 aggregate operations worldwide. For the year ended December 31, 2008, the Group sold a total 167.7 million tonnes of aggregates.

The following table summarizes the Group's sales volume of aggregates by region in the six months ended June 30, 2009 and 2008, and the years ended December 31, 2008, 2007 and 2006:

	Six Months Ended June 30,				Year Ended December 31,					
	2009	% of Total	2008	% of Total	2008	% of Total	2007	% of Total	2006	% of Total
	(Unaudited)				(In million tonnes or % of total)					
Europe	38.0	60.8	48.7	61.1	97.6	58.2	108.8	57.9	95.4	50.9
North America	15.3	24.5	20.9	26.2	49.3	29.4	56.9	30.3	65.1	34.7
Latin America	5.9	9.4	6.6	8.3	13.4	8.0	12.5	6.7	12.7	6.8
Africa Middle East	1.2	1.9	1.2	1.5	2.7	1.6	5.7	3.0	11.2	6.0
Asia Pacific	2.1	3.4	2.3	2.9	4.7	2.8	4.0	2.1	3.2	1.7
Total capacity	62.5	100.0	79.7	100.0	167.7	100.0	187.9	100.0	187.6	100.0

Other Construction Materials and Services

This segment includes ready-mix concrete, concrete products, asphalt, construction and paving. It also covers international trading activities relating to cement, clinker and raw materials, including the purchase of coal and petroleum coke, both important sources of energy for the cement industry. The Other Construction Materials and Services segment accounted for sales of CHF 9,419 million for the year ended December 31, 2008, as compared to CHF 9,535 million in 2007, which represented 33.4% (2007: 31.8%) of the Group's total net sales including intra-Group sales. The development of this segment in recent years underscores the importance of integration along the value chain, particularly in the case of mature markets and major urban centers.

As of December 31, 2008, the Group owned 1,217 ready-mix concrete plants and 125 asphalt plants worldwide. Consolidated sales volumes of ready-mix concrete increased from 45.2 million cubic meters for the year ended December 31, 2007 to 48.5 million cubic meters for the year ended December 31, 2008.

Consolidated sales volumes of asphalt, which derive largely from the asphalt businesses of Aggregate Industries in the United Kingdom and the United States, amounted to 13.5 million tonnes in 2008, as compared to 14.8 million tonnes in 2007.

Regions

Europe

As of December 31, 2008, the Group operated 39 cement and grinding plants in Europe with a combined annual capacity of 47.4 million tonnes, or 24.4% of total consolidated Group capacity. The principal companies of the Group are located in France, Belgium, the Netherlands, Spain, United Kingdom, Germany, Switzerland, Italy, the Czech Republic, Slovakia, Hungary, Croatia, Serbia, Romania, Bulgaria, Russia and Azerbaijan.

The following table summarizes key operating figures for consolidated Group companies in Europe for the years ended December 31, 2008, 2007 and 2006:

	Year Ended December 31,		
	2008	2007	2006
	(In CHF million unless otherwise stated)		
Holcim Group Companies Europe			
Sales of cement (in millions of tonnes)	33.7	34.3	32.9
Sales of aggregates (in millions of tonnes)	97.6	108.8	95.4
Sales of ready-mix concrete (in millions of cubic meters)	21.0	19.8	20.0
Sales of asphalt (in millions of tonnes)	6.6	6.8	6.0
Net sales	10,043	10,401	8,673
Operating EBITDA	2,003	2,399	1,966
Operating profit	1,296	1,713	1,402

The Group's European cement sales represented 22.4% of Group cement net sales volume including intra-Group sales in 2008 as compared to 21.9% in 2007. Cement sales in Europe by the Group in 2008 amounted to 33.7 million tonnes, a decrease of 1.7% compared to 2007.

Sales of aggregates by volume in the region decreased by 10.3% to 97.6 million tonnes for the year ended December 31, 2008, from 108.8 million tonnes in 2007.

Volume sales of ready-mix concrete in the region increased by 6.1% to 21.0 million cubic meters for the year ended December 31, 2008, from 19.8 million cubic meters in 2007. Volume sales of asphalt amounted to 6.6 million tonnes in 2008 compared to 6.8 million in 2007.

The main drivers in the European markets are infrastructure projects, residential construction and the construction of business centers and industrial facilities.

North America

The Group is one of the largest producers of cement in the United States and in Canada and sells the full product range of aggregates, ready-mix concrete, asphalt and other construction materials. As of December 31, 2008, Holcim operates 20 cement plants in North America with a combined annual capacity of 21.3 million tonnes, or 9.5% of total Group capacity. Holcim (US) Inc. has completed the constructing of a new cement plant at Ste. Genevieve, Missouri, on the Mississippi River, which started operations end of August of 2009 with an annual capacity of 4 million tonnes of cement. Even though clinker production has started, the official inauguration of the plant is in the spring of year 2010 after completion of commissioning activities and performance testing. The Group believes that this will enable Holcim (US) Inc. to further strengthen its leading market position along the Mississippi and Missouri rivers system up to the Great Lakes. The following table summarizes key operating figures for consolidated Group companies in North America for the years ended December 31, 2008, 2007 and 2006:

	Year Ended December 31,		
	2008	2007	2006
	(In CHF million unless otherwise stated)		
Holcim Group Companies North America			
Sales of cement (in millions of tonnes)	14.4	16.4	17.7
Sales of aggregates (in millions of tonnes)	49.3	56.9	65.1
Sales of ready-mix concrete (in millions of cubic meters)	7.3	7.3	7.0
Sales of asphalt (in millions of tonnes)	6.8	8.0	9.3
Net sales (all segments)	4,527	5,365	5,520
Operating EBITDA	486	999	1,033
Operating profit	5	623	677

The Group's North American cement sales represented 9.6% of total Group cement net sales volume including intra-Group sales in 2008 as compared to 10.5% in 2007. The Group's cement sales in North America in 2008 amounted to 14.4 million tonnes, a decrease of 12.2% compared to 2007.

Sales of aggregates by volume in the region decreased by 13.4% to 49.3 million tonnes for the year ended December 31, 2008, from 56.9 million tonnes in 2007.

In North America, sales of ready-mix concrete remained unchanged at 7.3 million cubic meters for the year ended December 31, 2008. Volume sales of asphalt amounted to 6.8 million tonnes in 2008.

Latin America

The Group has cement and clinker operations in Latin America comprising, as of December 31, 2008, a total of 27 cement and grinding plants with a combined capacity of 31.2 million tonnes per annum, representing 16.2% of total Group production capacity. The principal companies of the Group were as per June 30 located in Mexico, El Salvador, Nicaragua, Costa Rica, Panama, Curaçao, Dominican Republic, Colombia, Ecuador, Brazil, Argentina and Chile, with principal associated companies in Guatemala. As a consequence of the nationalization of Holcim Venezuela, the long-term economics of supplying Holcim produced clinker and cement to the grinding stations and terminals in Panama and the Caribbean is no longer viable. For this reason, effective July 30, 2009, Holcim is selling its shareholding in Panama, the Dominican Republic and Haiti as well as terminals in the Carribean to its long-time joint venture partner Argos for USD 157 million (CHF 168 million). The Colombian based building materials group has sufficient export capacity in the region. The divestments include a Panamanian company with one grinding station and operations in aggregates and ready-mix concrete as well as a Dominican grinding station operator. Both enterprises have been proportionately consolidated by the Holcim Group. Additionally, the Group sells 100% of a company with cement import terminals on four islands in the Carribbean and its minority holding in a grinding station on Haiti. In 2008, these interests in total contributed CHF 107 million to the Group's net sales of CHF 25.2 billion.

The following table summarizes key operating figures for consolidated Group companies in Latin America for the years ended December 31, 2008, 2007 and 2006:

	Year Ended December 31,		
	2008	2007	2006
	(In CHF million unless otherwise stated)		
Holcim Group Companies Latin America			
Sales of cement (in millions of tonnes)	27.2	26.6	25.9
Sales of aggregates (in millions of tonnes)	13.4	12.5	12.7
Sales of ready-mix concrete (in millions of cubic meters)	11.7	10.6	10.1
Net sales (all segments)	4,170	4,010	3,675
Operating EBITDA	1,194	1,256	1,244
Operating profit	966	1,001	993

The Group's Latin American cement sales represented 18.1% of total Group cement net sales volume including intra-Group sales in 2008, as compared to 17.0% in 2007. Cement sales in Latin America by the Group in 2008 amounted to 27.2 million tonnes, an increase of 2.3% compared to 2007.

Sales of aggregates by volume in the region increased by 7.2% to 13.4 million tonnes for the year ended December 31, 2008, from 12.5 million tonnes in 2007.

Sales of ready-mix concrete in the region increased by 10.4% to 11.7 million cubic meters for the year ended December 31, 2008, from 10.6 million cubic meters in 2007.

Africa Middle East

The Group has cement and clinker operations with, as of December 31, 2008, a total of 14 cement and grinding plants with a combined capacity of 10.9 million tonnes per annum, representing 5.7% of total Group capacity. The principal companies of the Group are located in Morocco, Guinea, Ivory Coast, Nigeria, Lebanon, La Réunion and Republic of Yemen, with principal associated companies in South Africa and Egypt.

The following table summarizes the key operating figures for consolidated Group companies in the Africa Middle East region for the years ended December 31, 2008, 2007 and 2006:

	Year Ended December 31,		
	2008	2007	2006
	(In CHF million unless otherwise stated)		
Holcim Group Companies Africa Middle East			
Sales of cement (in millions of tonnes)	9.7	14.5	15.3
Sales of aggregates (in millions of tonnes)	2.7	5.7	11.2
Sales of ready-mix concrete (in millions of cubic meters)	1.2	1.7	2.5
Sales of asphalt (in millions of tonnes)	0.1	0.0	0.0
Net sales (all segments)	1,354	1,831	2,086
Operating EBITDA	368	653	692
Operating profit	303	577	602

Sales of cement by Group companies in the Africa Middle East region represented 6.4% of total Group cement net sales volume including intra-Group sales in 2008, as compared to 9.3% in 2007. Cement sales in the Africa Middle East region by the Group in 2008 amounted to 9.7 million tonnes, a decrease of 33.1% compared to 2007.

In the Africa Middle East region, sales of aggregates by volume declined by 52.6% to 2.7 million tonnes for the year ended December 31, 2008, from 5.7 million tonnes in 2007, mainly due to the deconsolidations of Holcim South Africa and Egyptian Cement Company. See "Management's Discussion and Analysis of Results of Operations and Financial Condition — Factors Affecting the Comparability of Results of Operations — Changes in Scope of Consolidation."

Sales of ready-mix concrete in the region decreased by 29.4% to 1.2 million cubic meters for the year ended December 31, 2008, from 1.7 million cubic meters in 2007.

Asia Pacific

As of December 31, 2008, the Group's cement and clinker operations had a total of 51 cement and grinding plants with a combined capacity of 82.7 million tonnes per annum, representing 43.0% of total Group capacity. The principal companies of the Group are located in India, Sri Lanka, Bangladesh, Thailand, Malaysia, Singapore, Indonesia, Vietnam, the Philippines, Australia and New Zealand, with principal associated companies in Iran and China. The Group announced on June 15, 2009 that it had agreed to acquire CEMEX Australia Holdings for a purchase price of AUD 2.02 billion (equivalent to approximately CHF 1.78 billion) (the "Acquisition"). The Acquisition is subject to satisfaction of certain conditions precedent, including the outcome of the due diligence process and approval by the competent competition authorities. The Acquisition is expected to be completed by October 2009. The due diligence process has been successfully completed and the competent competition authority has announced that it would not oppose the Acquisition.

In addition, the Group announced on June 15, 2009 its intention to participate in the proposed capital increase (the "Huaxin Capital Increase") by Huaxin, a leading Chinese cement producer in which the Group, as at the date of this Offering Memorandum, had a 39.9% interest. The Group intends to make an investment of approximately CNY 1.6 billion (equivalent to approximately CHF 250 million) in order to maintain its proportionate interest in Huaxin.

The following table summarizes key operating figures for consolidated Group companies in Asia Pacific for the years ended December 31, 2008, 2007 and 2006:

	Year Ended December 31,		
	2008	2007	2006
	(In CHF million unless otherwise stated)		
Holcim Group Companies Asia Pacific			
Sales of cement (in millions of tonnes)	65.6	64.9	55.0
Sales of aggregates (in millions of tonnes)	4.7	4.0	3.2
Sales of ready-mix concrete (in millions of cubic meters)	7.3	5.8	4.6
Net sales (all segments)	6,109	6,292	4,745
Operating EBITDA	1,495	1,844	1,366
Operating profit	1,021	1,341	933

The Group's sales of cement in the Asian Pacific region amounted to 43.6% of Group cement net sales volume including intra-Group sales in 2008 as compared to 41.4% in 2007. The Group's cement sales in the Asia Pacific region in 2008 amounted to 65.6 million tonnes, an increase of 1.1% compared to 2007.

In the region, sales of aggregates by volume increased by 17.5% to 4.7 million tonnes in the year ended December 31, 2008, from 4.0 million tonnes in 2007.

In Asia Pacific, sales volumes of ready-mix concrete increased by 25.9% to 7.3 million cubic meters for the year ended December 31, 2008, from 5.8 million cubic meters in 2007.

Trading and Services

Holcim Trading SA, based in Madrid, is the Group's internationally active trading company for cement, clinker and other bulk materials such as gypsum, blast furnace slag, coal and petroleum coke. In the year ended December 31, 2008, Holcim Trading's volume of trade with Group companies and third parties amounted to 24 million tonnes. The Group has strong positions in permanent import markets (for example, the

Indian Ocean, West Africa, Bangladesh and the Caribbean). The Group's trading activities enable it to match excess production in certain countries with other regions where demand exceeds capacity. This reduces the Group's exposure to the cyclical nature of the cement industry and assists the Group in maximizing capacity utilization, which enhances operating performance.

The Group also provides consulting and management services through Holcim Group Support Ltd ("HGRS"). HGRS facilitates the transfer of expertise within the Group. The consulting and management activities embrace all operating areas associated with the Group's range of products. These include cement manufacturing, aggregates and construction materials services, commercial services, strategy and risk management, human resources, finance, controlling and treasury, legal affairs and information technology. At the same time, HGRS acts as the Group's head offices. In providing this assistance to the Group's various local operating companies, HGRS plays a central role in coordinating the Group's activities.

Competition

Many of the markets for cement, aggregates and other construction materials and services are highly competitive. Competition in these segments is based largely on price and, to a lesser extent, quality and service, due to the relatively low degree of product differentiation and the predominantly commodity nature of building material products and construction services.

On the basis of data contained in the Global Cement Report (2009) and other publicly available information, the Group estimates that, in 2008, the top five cement producers represented approximately 40% of global production (excluding China). Competition for the Group in the cement industry varies from market to market, but globally the Group believes its major competitors to be Lafarge, Cemex, Heidelberg Cement and Italcementi.

The Group competes in each of its markets with domestic and foreign suppliers as well as with importers of foreign products and with local and foreign construction service providers. As a result, the prices that the Group may be able to charge its customers are not likely to be materially different from the prices charged by producers of the same products and by competitors in the same markets. Accordingly, the Group's profitability is generally dependent on the level of demand for such building materials and services as a whole, and on its ability to control its efficiency and operating costs. Prices in these segments are subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions, and other market conditions beyond the Group's control. As a consequence, the Group may face price, margin or volume declines in the future. Any significant volume, margin or price declines could have a material adverse effect on the Group's results of operations. For example, new capacity is expected to be rolled out by other market participants over the next two years, which, in combination with the slowdown in the economy, could result in oversupply in certain regions, in particular the Middle East and some regions in India.

Research and Development

Research and development is conducted locally by operating companies and increasingly centrally at Holcim Group Support Limited in Switzerland, as well as at the research and development/technical centre in the United Kingdom. This work is aimed primarily at improving production processes and technology in order to increase product quality and production efficiency. The results and expertise of the research activities are shared with the other Group companies through HGRS. The Group is increasing research into waste management, as cement kilns are an effective way to recycle certain types of waste. Research and development expenses continue to be limited largely to the existing product range and to investigating production processes and environmental protection. However, research and development expenditure is increasingly being aimed at environmental protection and the development of the use of alternative fuels and raw materials in the production process.

In the year ended December 31, 2008, the Group spent a total of CHF 24 million on research and development. No significant costs were incurred for licenses obtained from third parties, nor was any significant revenue generated from licenses granted.

Environment

The Group enjoys a strong reputation regarding its environmental commitment throughout the building materials industry. This is not only attributable to the success of the business, but also reflects the Group's commitment to sustainable development. The Group believes that sustainable development is properly viewed in terms of the "triple bottom line" — value creation, sustainable environmental performance and social responsibility.

This concept is part of both Group strategy and management systems and has been for many years. In order to make sure that the Group's priorities in sustainable development meet the expectations of its most important stakeholders, the Group not only constantly assesses risks, but also periodically consults a selection of stakeholders both at the local and international level. This has confirmed that the Group's focus on occupational health and safety, CO_2 emissions, energy consumption, alternative fuels, atmospheric emissions, quarry rehabilitation, biodiversity and community involvement in the areas surrounding the Group's plants and sustainable construction are all being recognized.

The Group is one of the original signatories to the Business Charter for Sustainable Development of the International Chamber of Commerce and joined the World Business Council for Sustainable Development (WBCSD) in 1999. The Group is also a founding participant in the WBCSD — Cement Sustainability Initiative (CSI). Climate change has become a significant issue of public concern and Group strategy.

The United Nations Framework Convention on Climate Change is the umbrella treaty under which global efforts on climate change are negotiated. Now ratified by more than 180 countries, it is the basis for many country-specific policies and is the framework under which a series of protocols are negotiated. These protocols set interim emission reduction targets and the "accounting rules for quantifying reductions." The most well-known of these is the Kyoto Protocol, which requires that the emissions of most industrialized countries be reduced by an average of 5% compared with 1990 levels by 2008-2012. Developing countries and countries in transition do not yet have an obligation to reduce their CO_2 emissions, but the Kyoto Protocol creates financial mechanisms to promote clean development in these regions. Furthermore, the European Union introduced a cap on CO_2 emissions as of January 1, 2005.

Concrete is the second most used material in the world after water. Currently there is no practical substitute for this versatile and durable product for most purposes. As the chief ingredient in concrete, cement is therefore a key requirement of modern society, but its manufacture is a resource- and energy-intensive process, accounting for 5% of global man-made CO_2 emissions. These result primarily from the combustion of fossil fuels (40%) and the calcinations of limestone (60%), a chemical reaction required to produce cement clinker. Managing and reducing CO_2 emissions is thus a key priority for the Group.

The Group has established a target to reduce its global average specific net CO_2 emissions (net CO_2 per tonne of cement) by 20% by 2010, with 1990 as the reference year and is on track to reach its target. Based on an external report, the Group is the global cement manufacturer with the lowest CO_2 emissions per tonne of cement produced. The key means of achieving emissions reductions involve substituting clinker with suitable mineral components in cement, improving energy efficiency, substituting fossil fuels with biomass and waste materials and reducing cement kiln dust. These reduction initiatives are also important eco-efficiency drivers, enabling the Group to produce more cement while using fewer resources and producing fewer emissions per tonne of cement produced.

In the search for alternatives to coal, heavy fuel oil and gas, the Group is substituting fossil fuels by alternative fuels and petroleum coke. Suitable alternative fuels include waste oils, used tires, plastics, sludge, solvents or biomass, all of which are handled and co-processed in accordance with Group standards and applicable environmental and safety regulations and under the supervision of the relevant authorities.

CO_2 emissions monitoring is now part of the internal management reporting required of Group companies. CO_2 emissions monitoring and reporting is according to the global WBCSD-CSI reporting protocol and applicable regulations.

The Group published its fourth Sustainable Development Report in June 2008. The report measures the Group's performance against existing and new targets and evaluates strategies and activities affecting the economic, environmental and social performance of its cement business. In 2008, the Group was for the fourth consecutive year listed in the Dow Jones Sustainability Index for the construction sector and was ranked "leader of the industry" in such Index.

Employees

The following table sets forth the number of employees by region as at December 31, 2008, 2007 and 2006:

	As at December 31,		
	2008	2007	2006
Europe	23,557	22,905	22,006
North America	9,825	11,190	11,268
Latin America	13,548	13,409	12,234
Africa Middle East	2,477	2,795	5,218
Asia Pacific	36,196	38,133	37,212
Corporate	1,110	932	845
Total Group	86,713	89,364	88,783

The following table sets forth the number of employees by product sector as at December 31, 2008, 2007 and 2006:

	As at December 31,		
	2008	2007	2006
Cement	56,282	57,671	57,878
Aggregates	6,369	7,000	7,136
Other Construction Materials and Services	23,692	24,567	23,724
Other	370	126	45
Total Group	86,713	89,364	88,783

The Group has not experienced any material industrial action in the past five years and believes that relations with its employees are very good.

Intellectual Property

The Group owns or has licenses to use various trademarks, patents and other intellectual property rights that are of value to its business. No such single intellectual property right is material in the context of the Group's business, with the exception of the Holcim trademark and logo. The Group owns or has the right to use all relevant trademarks used in conjunction with the marketing of its products.

Competition Proceedings

Competition Law Compliance Initiatives

Since 2003, the Group has had a code of conduct including principles of fair competition, and has initiated a compliance program called "Value Creation in a Competitive Environment" ("VCCE") (including fair competition reviews) across the Group. The code of conduct as well as the standards and procedures provided by the VCCE program are regularly monitored and strictly enforced.

European Union

On November 4-5, 2008 and starting September 22, 2009, the EC Commission, assisted by national antitrust authorities, searched offices of several cement producers in various European Union countries. The Group's offices in Belgium, France, Germany and the United Kingdom and, in September 2009, Spain were subjected to such investigations in relation to alleged illicit agreements in restraint of competition (e.g. price fixing, quote agreements and market sharing) and alleged abuses of a dominant position in the cementitious materials industry. These procedures are still ongoing and if the companies involved are found guilty, they could be fined up to 10% of their combined worldwide turnover and third parties could initiate civil litigation claiming damages caused by alleged cartel activity.

Germany

In 2003, the Group's German subsidiary, Holcim (Deutschland) AG, was fined Euro 74.0 million by the German Federal Cartel Office ("FCO") after the FCO had conducted investigations into the cement industry against 30 companies nationwide regarding alleged price and quota fixing between at least 1997 and 2001. The Group had included a provision in its accounts in 2002 in the amount of CHF 120 million. On June 26, 2009, the Oberlandesgericht Düsseldorf on appeal reduced the fine imposed on Holcim to Euro 14.6 million. On July 3, 2009, Holcim (Deutschland) AG appealed this decision.

Moreover, following the ruling by the FCO, the Belgian company Cartel Damages Claims SA ("CDC"), a private organization that purchases claims from plaintiffs and pursues those claims against alleged cartel participants, has lodged a claim before the Landgericht Düsseldorf against six major German cement producers (including Holcim (Deutschland) AG) on behalf of cement customers for an aggregate amount of Euro 176.0 million, the precise amount to be fixed by the competent court. CDC alleges that cement customers paid non-competitive prices for cement during the period from at least 1993-2002. The Landgericht Düsseldorf and the Highest Civil Court (Bundesgerichtshof) have confirmed that CDC's claim is admissible under German law but have not yet ruled on the merits of the case. Oral hearings and decisions on the merits of the claim are not expected before the end of 2009. In case the courts decide in favor of CDC, CDC can claim the full amount from any of the defendants as joint and several debtors, which then has the burden and risk of claiming (partial) recourse from other proven participants of the cartel. The Group cannot fully rule out that this lawsuit might be successful. In the context of these alleged infringements, the Group could also face further civil lawsuits for damages suffered by customers due to alleged excessive cement prices in Germany, although most of the potential claims are likely to be time-barred.

Italy

In July 2004, the Italian Antitrust Authority ("IAA") imposed monetary sanctions on a number of undertakings in relation to an alleged cartel in the Milan ready-mix cement market. Among others, the Italian subsidiary of the Group was fined a total amount of Euro 10.0 million. On appeal the IAA's decision was partly annulled and the matter is the subject of a further appeal by all involved undertakings and the IAA to the highest administrative court (Consiglio di Stato). This appeal is currently still pending. The oral hearing was held on July 7, 2009. The decision is expected to be published in the next months.The Group can offer no assurance regarding the outcome of the appeal.

Spain

The Spanish Competition Authority has initiated an investigation by conducting a search of Group companies in Spain starting September 23, 2009. The outcome of this proceeding cannot be predicted at this stage.

Belgium

On February 23, 2007, the Belgian "Conseil de la Concurrence" searched the premises of various building materials producers, including Holcim (Belgium) SA, in relation to, inter alia, alleged coordination of competitors in establishing standards for cement and concrete production in the Belgian market. On July 8, 2009, the Belgian Anti-Trust authority issued a request for information.This procedure is still ongoing. The Group can offer no assurance regarding the outcome of the proceeding.

Hungary

On December 12, 2008, the Hungarian anti-trust authority searched the offices of several ready-mix concrete producers, including the offices of one of Holcim Hungary's RMX plants. The Hungarian authority appears to be investigating alleged price, customer and quota fixing, as well as coordinated acquisition strategies between competitors. This procedure is still ongoing. The Group can offer no assurance regarding the outcome of these procedures.

Argentina

The Argentinean antitrust authority (Comision Nacional de Defensa de la Competencia, or the "CNDC") investigated several cement producers in relation to alleged anti-competitive behavior in the Argentinean market in the 1990s. The CNDC found that the cement manufacturers had, between July 1981 and August 1999, engaged in unlawful conduct, including the allocation of market shares and price fixing as well as the exchange of proprietary information under the auspices of the Portland Cement Manufacturers association. On July 25, 2005, the CNDC issued a fine against six cement producers (including the Group's Argentinean subsidiary) for an aggregate amount of approximately USD 103.0 million, of which the Group's Argentinean subsidiaries are liable for USD 33.0 million. On August 26, 2008, an Argentinean appellate court confirmed the CNDC's fine. The Group's Argentinean subsidiary has appealed this decision on September 11, 2008. Proceedings related to this appeal are still pending. The Group can offer no assurance regarding the outcome of the appeal.

Australia

The Australian Competition and Consumer Commission ("ACCC") has filed proceedings against Cement Australia Pty Ltd, in which the Group holds a 50% interest and three related companies in the Federal Court, Brisbane, for alleged breaches of the Trade Practices Act 1974. The ACCC has alleged two breaches in relation to entering into and amending a contract to acquire fly ash from Millmerran Power Station in south east Queensland. The ACCC has alleged that Cement Australia and a related company had no commercial need for the contracted fly ash from Millmerran Power Station, and by contracting for the fly ash, took advantage of their market power for the purpose of preventing entry and competitive conduct in the relevant concrete-grade fly ash market. There are additional allegations of anti-competitive conduct in relation to the Tarong Power Station and Swanbank Power Station. The allegation in relation to Millmerran Power Station is, however, the main allegation. This procedure is still ongoing. The Group can offer no assurance regarding the outcome of the proceeding.

India

On December 20, 2007, the Monopolies and Restrictive Trade Practices Commission ("MRTPC") issued a "cease and desist order" against ACC and ACL, thirty-nine other cement producers and the Indian Cement Manufacturers Association ("CMA") alleging that they engaged in cartelization and manipulation of cement prices, causing a 30% rise in cement prices between February and April of 1990. Appeals were submitted against the order and the matter is now pending before the Supreme Court. The Group can offer no assurance regarding the outcome of this appeal. As of the date of this Offering Memorandum, no fines have been imposed by the MRTPC.

In another matter, on February 29, 2008, the MRTPC issued a "cease and desist order" against the CMA and nine other cement companies, including ACC, concerning an alleged concerted price increase in Jabalpur in 2001. Appeals were submitted against the order and the matter is now pending before the Supreme Court. The Group can offer no assurance regarding the outcome of this appeal. As of the date of this Offering Memorandum, no fines have been imposed by the MRTPC.

Mexico

On August 25, 2006, as a result of a claim, the Mexican Federal Competition Commission (Comisiòn Federal de Competencia, "Mexican FCC") started an investigation for alleged monopolistic practices in the Mexican market pertaining to the production, distribution and marketing of construction materials and products, specifically in connection with the Mexican cement industry. On March 26, 2009, together with three other Mexican companies, Holcim Apasco S.A. de C.V. was notified by the Mexican FCC with an official communication regarding probable responsibility (Oficio de Probable Responsabilidad, "OPR") alleging monopolistic practices. Holcim Apasco S.A. de C.V. has responded in due time to this OPR, together with information, documents and arguments in its defense.

Brazil and Other Countries

Further local competition proceedings involve, inter alia, the Group's subsidiary in Brazil. The Secretariat of the Economic Law of the Ministry of Justice initiated a formal administrative investigation against the major Brazilian cement companies, including Holcim (Brasil) S.A. ("Holcim Brasil"), in March 2007, following a complaint made in November 2003 by an informant alleging a conspiracy among the cement manufacturers to fix prices, determine the amount of supply, divide the cement and concrete markets and erect barriers to entry. In November 2007, the Council for Economic Defense entered into a settlement agreement with one of the cement companies. If Holcim Brasil is found guilty of illegal cartel activity, it could face fines of between 1% and 30% of Holcim Brasil's 2006 group revenues. In addition, managers and officers considered directly or indirectly involved could be fined between 10% and 50% of the amount of the total fine imposed on the Group, and Holcim Brasil management could face imprisonment of up to five years.

Legal Proceedings

In the ordinary course of business, the Group is involved, and may in the future become involved, in lawsuits, claims, investigations and proceedings, including product liability ownership, commercial, environment and health and safety matters, social security and tax claims (see also "Risk Factors — Competition regulation" "— Emerging markets risks" and "— Litigation risks" and "Business Description — Competition Proceedings"). Ongoing litigation currently includes antitrust investigations, product liability suits, social security and tax claims. In addition, there has been ongoing litigation in Hungary for a number of years, and more recently in Switzerland, related to the ownership of assets and shares in the context of the privatization of one of the Holcim cement plants in Hungary.

Furthermore, in April 2008, the Venezuelan government announced that the government would nationalize all foreign cement producers operating in the country. On May 27, 2008, the President issued a Decree nationalizing Holcim Venezuela and the two other foreign-owned cement companies in Venezuela. The Nationalization Decree became effective on June 18, 2008.

On August 18, 2008, a Memorandum of Understanding was signed between Holcim Ltd and two of its Dutch subsidiaries ("Relevant Holcim Companies") and Petróleos De Venezuela, S.A. ("PDVSA"), acting on behalf of the Venezuelan government. The Memorandum of Understanding provided that, in accord with the Nationalization Decree, PDVSA and the Relevant Holcim Companies would negotiate an agreement that would effect the transfer from the Relevant Holcim Companies to PDVSA of 85% of the shares in Holcim Venezuela. However, PDVSA ceased negotiating shortly thereafter and the contemplated agreement was never signed. The Venezuelan government took over full management control of Holcim Venezuela and Holcim has received no compensation for the expropriated assets.

In March 2009, the Relevant Holcim Companies initiated international arbitration proceedings against the Republic of Venezuela before the International Centre for the Settlement of Investment Disputes (the "ICSID") in Washington D.C. In its filing with ICSID, the Relevant Holcim Companies contended that the Republic of Venezuela had breached its obligations to the Relevant Holcim Companies under the Agreement between the Republic of Venezuela and the Swiss Confederation on the Reciprocal Promotion and Protection of Investments dated November 18, 1993 and the Agreement on Encouragement and Reciprocal Protection of Investments between the Republic of Venezuela and the Kingdom of The Netherlands, dated October 22, 1991, by failing to pay the compensation required under those treaties for the expropriated assets. In the arbitration proceedings, the Relevant Holcim Companies intend to seek relief in the form of compensation equivalent to the full fair market value of all assets at the time of the nationalization, at an amount substantially greater than the value placed on Holcim Venezuela for purposes of the transaction contemplated by the Memorandum of Understanding.

Group Structure (Subsidiaries and Investments)

Principal Consolidated Operating Companies

The Company held a significant direct and/or indirect interest in the following subsidiaries as at December 31, 2008:

Region	Company	Country of Incorporation or Resident	Participation (Voting Rights)
Europe	Holcim Western Europe S.A.S.	France	(100.0)%
	Holcim (España), S.A.	Spain	(99.8)%
	Holcim Trading SA	Spain	(100.0)%
	Aggregate Industries Ltd	United Kingdom	(100.0)%
	Holcim (Deutschland) AG	Germany	(88.9)%
	Holcim (Süddeutschland) GmbH	Germany	(100.0)%
	Holcim (Schweiz) AG	Switzerland	(100.0)%
	Holcim Gruppo (Italia) S.p.A.	Italy	(100.0)%
	Holcim Group Support Ltd	Switzerland	(100.0)%
	Holcim (Česko) a.s.	Czech Republic	(100.0)%
	Holcim (Slovensko) a.s.	Slovakia	(98.0)%
	Holcim Hungária Zrt.	Hungary	(99.7)%
	Holcim (Hrvatska) d.o.o.	Croatia	(99.8)%
	Holcim (Srbija) a.d.	Serbia	(100.0)%
	Holcim (Romania) S.A.	Romania	(99.7)%
	Holcim (Bulgaria) AD	Bulgaria	(100.0)%
	Alpha Cement J.S.C.	Russia	(80.8)%
	"Garadagh" Sement O.T.J.S.C.	Azerbaijan	(69.6)%
North America	Holcim (US) Inc.	USA	(100.0)%
	Aggregate Industries Management Inc.	USA	(100.0)%
	Holcim (Canada) Inc.	Canada	(100.0)%
Latin America	Holcim Apasco S.A. de C.V.	Mexico	(100.0)%
	Cemento de El Salvador S.A. de C.V.	El Salvador	(64.3)%
	Holcim (Nicaragua) S.A.	Nicaragua	(80.0)%
	Holcim (Costa Rica) S.A.	Costa Rica	(59.8)%
	Panamá Cement Holding S.A.(1)	Panama	(50.0)%
	Caricement Antilles N.V.	Curaçao	(100.0)%
	Cementos Colón S.A.(1)	Dominican Republic	(35.5)%
	Holcim (Colombia) S.A.	Colombia	(99.8)%
	Holcim (Ecuador) S.A.	Ecuador	(92.1)%
	Holcim (Brasil) S.A.	Brazil	(99.9)%
	Juan Minetti S.A.	Argentina	(78.9)%
	Cemento Polpaico S.A.	Chile	(54.3)%

Region	Company	Country of Incorporation or Resident	Participation (Voting Rights)
Africa Middle East . .	Holcim (Maroc) S.A.	Morocco	(61.0)%
	Ciments de Guinée S.A.	Guinea	(59.9)%
	Société de Ciments et Matériaux	Ivory Coast	(99.9)%
	United Cement Company of Nigeria Ltd(1)	Nigeria	(39.0)%
	Holcim (Liban) S.A.L.	Lebanon	(52.1)%
	Holcim (Outre-Mer) S.A.S.	La Réunion	(100.0)%
	Aden Cement Enterprises Ltd.	Republic of Yemen	(100.0)%
Asia Pacific	ACC Limited(2)	India	(46.2)%
	Ambuja Cements Ltd.(2)	India	(45.7)%
	Holcim (Lanka) Ltd	Sri Lanka	(98.9)%
	Holcim (Bangladesh) Ltd	Bangladesh	(89.6)%
	Siam City Cement (Public) Company Limited(1)	Thailand	(36.8)%
	Holcim (Malaysia) Sdn Bhd	Malaysia	(100.0)%
	Holcim (Singapore) Pte. Ltd	Singapore	(100.0)%
	Jurong Cement Limited	Singapore	(55.2)%
	PT Holcim Indonesia Tbk.	Indonesia	(78.2)%
	Holcim (Vietnam) Ltd	Vietnam	(65.0)%
	Holcim (Philippines) Inc.	Philippines)	(85.7)%
	Cement Australia Holdings Pty Ltd(1)	Australia	(50.0)%
	Holcim (New Zealand) Ltd	New Zealand	(100.0)%

Notes:

(1) Joint venture, proportionate consolidation.

(2) Control obtained because of the power to cast the majority of votes at meetings of the Board of Directors.

The table below shows the principal listed subsidiaries of the Group, together with their market capitalization, as of December 31, 2008:

Region	Company	Place of Listing	Market Capitalization in Local Currency Million at December 31, 2008	
Europe	Holcim (Deutschland) AG	Frankfurt	EUR	515
Latin America.	Holcim (Costa Rica) S.A.	San José	CRC	344,162
	Holcim (Ecuador) S.A.	Quito, Guayaquil	USD	1,004
	Juan Minetti S.A.	Buenos Aires)	ARS	419
	Cemento Polpaico S.A.	Santiago	CLP	125,125
Africa Middle East	Holcim (Maroc) S.A.	Casablanca	MAD	8,033
	Holcim (Liban) S.A.L.	Beirut	USD	287
Asia Pacific	ACC Limited	Mumbai	INR	90,116
	Ambuja Cements Ltd.	Mumbai	INR	106,658
	Siam City Cement (Public) Company Limited	Bangkok	THB	31,825
	Jurong Cement Limited	Singapore	SGD	53
	PT Holcim Indonesia Tbk.	Jakarta	IDR	4,827,627
	Holcim (Philippines) Inc.	Manila	PHP	12,259

MANAGEMENT AND BOARD OF DIRECTORS

Board of Directors

The Board of Directors consists of 12 members, 11 of whom are independent within the meaning of the Swiss Code of Best Practice for Corporate Governance, CEO Markus Akermann being the sole executive member of the Board of Directors. In accordance with Article 15 of the Articles of Incorporation, all directors are shareholders of the Guarantor.

The Board of Directors meets as often as business requires, but at least four times each year. In 2008, five regular meetings, one strategy meeting and four meetings without the presence of the Executive Committee were held. The Board of Directors held three regular meetings with all members present and two meetings with two members excused. As a rule, the members of the Executive Committee attended the regular meetings of the Board of Directors as guests. The average duration of each meeting was 4 hours.

As at the date of this Offering Memorandum, the following persons belong to the Board of Directors:

Members of the Board of Directors	Functions	Other Principal Activities
Rolf Soiron	Chairman	Lonza Group Ltd[1], Basel (Switzerland), Chairman of the Board Nobel Biocare Holding AG[1], Zurich (Switzerland), Chairman of the Board
Andreas von Planta	Deputy Chairman	SIX Swiss Exchange AG, Zurich (Switzerland), Chairman of the Regulatory Board Schweizerische National- Versicherungs-Gesellschaft[1], Basel (Switzerland), Vice Chairman of the Board Novartis AG[1], Basel (Switzerland), Member of the Board
Markus Akermann	Member	None
Christine Binswanger	Member	Herzog & de Meuron, Basel (Switzerland), Partner
Erich Hunziker	Member	Chugai Pharmaceutical Co. Ltd.[1], Tokyo (Japan), Member of the Board Genentech Inc.[1], San Francisco (USA), Member of the Board
Peter Küpfer	Member	Julius Bär Holding AG[1], Zurich (Switzerland), Member of the Board Metro AG [1], Düsseldorf (Germany), Member of the Supervisory Board
Adrian Loader	Member	Candax Energy Inc.[1], Toronto (Canada), Chairman of the Board Air Products & Chemicals[1], Allentown (USA), Member of the European Advisory Board GardaWorld[1], Montreal (Canada), Member of the International Advisory Board
H. Onno Ruding	Member	BNG (Bank for the Netherlands Municipalities), The Hague (The Netherlands) Chairman of the Supervisory Board Corning Inc.[1], Corning (USA), Member of the Board RTL Group SA[1], Luxembourg (Luxembourg), Member of the Board
Thomas Schmidheiny	Member	Schweizerische Cement-Industrie-Gesellschaft, Rapperswil-Jona (Switzerland), Chairman of the Board Spectrum Value Management Ltd., Rapperswil-Jona (Switzerland), Chairman of the Board
Wolfgang Schürer	Member	Swiss Reinsurance Company[1], Zurich (Switzerland), Member of the Swiss Re Advisory Panel

Members of the Board of Directors	Functions	Other Principal Activities
Dieter Spälti	Member	Rieter Holding AG[1], Winterthur (Switzerland), Member of the Board Schweizerische Cement-Industrie-Gesellschaft, Rapperswil-Jona (Switzerland), Member of the Board Spectrum Value Management Ltd., Rapperswil-Jona (Switzerland), Member of the Board
Robert F. Spoerry	Member	Mettler-Toledo International Inc.[1], Greifensee (Switzerland), Chairman of the Board Conzetta Holding AG[1], Zurich (Switzerland), Member of the Board Schaffner Holding AG[1], Luterbach (Switzerland), Member of the Board Sonova Holding AG[1], Stäfa (Switzerland), Member of the Board

Note:
(1) Listed company

The business address for each member of the Board of Directors is Holcim Ltd, Zürcherstrasse 156, CH-8645 Jona, Switzerland.

Biographies

Rolf Soiron, Swiss national, born in 1945, Chairman of the Board of Directors since 2003, elected until 2010, Chairman of the Governance, Nomination & Compensation Committee. He studied history at the University of Basel, where he obtained a PhD in philosophy in 1972. He began his professional career in 1970 with Sandoz in Basel, where he held various positions, ultimately as COO of Sandoz Pharma AG with the responsibility for the global pharmaceuticals business. From 1993 until the end of June 2003, Rolf Soiron managed the Jungbunzlauer Group in Basel (leading international manufacturer of citric acid and related products), ultimately as Managing Director. From 1996 until March 2005, he was Chairman of the University of Basel on a part-time basis. In early 2003, he was appointed Chairman of the Board of Directors of Nobel Biocare. In April 2005, he was appointed Chairman of the Board of Directors of Lonza Group Ltd, Basel. He was elected to the Board of Directors of the Guarantor in 1994.

Andreas von Planta, Swiss national, born in 1955, Deputy Chairman of the Board of Directors since May 2005, elected until 2011, member of the Audit Committee. He studied law at the Universities of Basel (doctorate, 1981) and Columbia, New York (LL.M., 1983). He began his professional career in 1983 with Lenz & Staehelin, an international law firm based in Geneva. In 1988, he became partner and was from 2002 until the end of 2005 Managing Partner. He has a wealth of experience in corporate law, business financing and mergers & acquisitions. He was elected to the Board of Directors of the Guarantor in 2003.

Markus Akermann, Swiss national, born in 1947, CEO, member of the Board of Directors, elected until 2010. He obtained a degree in business economics from the University of St. Gallen in 1973 and studied economic and social sciences at the University of Sheffield, United Kingdom. He began his professional career in 1975 with the former Swiss Bank Corporation. In 1978, he moved to Holcim, where he was active in a number of roles including Area Manager for Latin America and Holcim Trading. In 1993, he was appointed to the Executive Committee, with responsibility for Latin America and international trading activities. On January 1, 2002, he was appointed CEO and at the annual general meeting in 2002, he was elected to the Board of Directors of the Guarantor.

Christine Binswanger, Swiss national, born in 1964, member of the Board of Directors, elected until 2011. She holds a degree in architecture from the ETH Zurich and in 1994, she became a partner at Herzog & de Meuron Architects, Basel. In 2001, she acted as a visiting professor at EPF Lausanne. In 2004, she was awarded the Meret Oppenheim Prize for architecture by the Federal Office of Culture. She was elected to the Board of Directors of the Guarantor in 2008.

Erich Hunziker, Swiss national, born in 1953, member of the Board of Directors, elected until 2011, member of the Governance, Nomination & Compensation Committee. He studied industrial engineering at the ETH Zurich, obtaining a PhD in 1983. In the same year, he joined Corange AG (holding company for the Boehringer Mannheim group), where he was appointed CFO in 1997 and among other things managed a project handling the financial aspects of the sale of the Corange group to F. Hoffmann-La Roche AG. From 1998 until 2001, he was CEO at the Diethelm group and Diethelm Keller Holding AG. Since 2001, he has served as CFO of F. Hoffmann-La Roche AG and is a member of the Executive Committee. In 2005, he was appointed as Deputy Head of Roche's Corporate Executive Committee, in addition to his function as Chief Financial Officer. Since 2004, he has been a member of the Board of Genentech Inc., USA. In 2006, he was elected to the Board of Directors of Chugai Pharmaceutical Co. Ltd., Japan. He was elected to the Board of Directors of the Guarantor in 1998.

Peter Küpfer, Swiss national, born in 1944, member of the Board of Directors, elected until 2010, Chairman of the Audit Committee. As a Swiss Certified Accountant, he began his career with Revisuisse Pricewaterhouse AG in Basel and Zurich, where he became a member of management. From 1985 until 1989, he was CFO at Financière Credit Suisse First Boston and CS First Boston, New York; from 1989 until 1996, he was at CS Holding, Zurich, as a member of the Executive Board. He has been an independent business consultant since 1997. He was elected to the Board of Directors of the Guarantor in 2002.

Adrian Loader, British national, born in 1948, member of the Board of Directors, elected until 2012. Adrian Loader holds an Honours Degree in History of Cambridge University and is a Fellow of the Chartered Institute of Personnel and Development. He began his professional career at Bowater in 1969 and joined Shell the following year. Until 1998, he held various management positions in Latin America, Asia, Europe and at corporate level. In 1998, he was appointed President of Shell Europe Oil Products and became Director for Strategic Planning, Sustainable Development and External Affairs in 2004. Since 2005, he was Director of the Strategy and Business Development Directorate of Royal Dutch Shell and became President and CEO of Shell Canada in 2007, retiring from Shell at the end of the year. In January 2008, he joined the Board of Toronto-based Candax Energy Inc. and was appointed Chairman. He was elected to the Board of Directors of the Guarantor in 2006.

H. Onno Ruding, Dutch national, born in 1939, member of the Board of Directors, elected until 2010, member of the Audit Committee. He studied economics at the Netherlands School of Economics (now Erasmus University) in Rotterdam (master in 1964, doctorate in 1969). He worked at the Ministry of Finance, The Hague (1965-1970), AMRO Bank, Amsterdam (1971-1976) and, later, as a member of the Board of Managing Directors of AMRO (1981-1982). He was elected to the Executive Board of the International Monetary Fund in Washington, D.C. in 1976 and served four years. In 1982, he became the Minister of Finance in The Netherlands until the end of 1989. He became Director of Citibank in 1990 and was from 1992 until his retirement in 2003 Vice Chairman and Director of Citibank in New York. He is also Chairman of the Board of the Centre for European Policy Studies (CEPS) in Brussels. He was elected to the Board of Directors of the Guarantor in 2004.

Thomas Schmidheiny, Swiss national, born in 1945, member of the Board of Directors, elected until 2012, member of the Governance, Nomination & Compensation Committee. He studied mechanical engineering at the ETH Zurich and complemented his studies with an MBA from the IMD Lausanne (1972). In 1999, he was awarded an honorary doctorate for his services in the field of sustainable development from Tufts University, Massachusetts, USA. He began his career in 1970 as Technical Director with Cementos Apasco and was appointed to the Executive Committee of Holcim in 1976, where he held the office of Chairman from 1978 until 2001. He was appointed to the Board of Directors of the Guarantor in 1978 and became Chairman of the Board in 1984 until 2003.

Wolfgang Schürer, Swiss national, born in 1946, member of the Board of Directors, elected until 2012, member of the Governance, Nomination & Compensation Committee. He studied economic and social sciences at the University of St. Gallen, where he was awarded an honorary doctorate in 1999. He is Chairman of the Board of Directors and CEO of MS Management Service AG, St. Gallen (international consultancy firm focusing on strategy and risk evaluation for multinational firms in Europe, North America, the Middle East and Asia as well as mandates in the international regulatory environment). He is also Distinguished Professor in the Practice of International Business Diplomacy at Georgetown University, School of Foreign Service, Washington, D.C. and a regular visiting Professor for Public Affairs at the University of St. Gallen. Since 2006, he has served as a member of Swiss Re's Advisory Panel. He was elected to the Board of Directors of the Guarantor in 1997.

Dieter Spälti, Swiss national, born in 1961, member of the Board of Directors, elected until 2012. He studied law at the University of Zurich, obtaining a doctorate in 1989. He began his professional career as a credit officer with Bank of New York in New York, before taking up an appointment as CFO of Tyrolit (Swarovski group), based in Innsbruck and Zurich, in 1991. From 1993 until 2001, he was with McKinsey & Company, ultimately as a partner, and was involved in numerous projects with industrial, financial and technology firms in Europe, the U.S. and Southeast Asia. In October 2002, he joined as a partner Rapperswil-Jona-based Spectrum Value Management Ltd., which administers the industrial and private investments of the family of Thomas Schmidheiny. Since 2006, he has been the CEO of Spectrum Value Management Ltd. He was elected to the Board of Directors of the Guarantor in 2003.

Robert F. Spoerry, Swiss national, born in 1955, member of the Board of Directors, elected until 2011. He holds a degree in mechanical engineering from the Swiss Federal Institute of Technology in Zurich (1981) and an MBA from the University of Chicago (1983). Joining Mettler-Toledo International Inc. in 1983, he was the company's CEO from 1993 through 2007 and was nominated Chairman of the Board in 1998. He is also a Board member of Conzzeta Holding AG, Schaffner Holding AG and Sonova Holding AG. He was elected to the Board of Directors of the Guarantor in 2008.

Board Committees

In 2002, the following expert committees were established:

Audit Committee

The Audit Committee decides on the external auditor's audit concept and mandate. It also assists and advises the Board of Directors in conducting its supervisory duties, in particular with respect to the internal control systems. It examines and reviews the reporting for the attention of the Board of Directors and evaluates the Group's external and internal audit system, reviews the risk management processes that are applied within the Group and evaluates financing issues.

As of the date of this Offering Memorandum the following persons belong to the Audit Committee:

Peter Küpfer	Chairman
Andreas von Planta	Member
H. Onno Ruding.	Member

All members of the Audit Committee are independent, which ensures the degree of objectivity required for the Audit Committee to exercise its function. In 2008, four regular meetings of the Audit Committee were held. All of the meetings were attended by all members of the committee. Three meetings were also attended by the auditors and at two meetings, the Head of Group Internal Audit was present for certain agenda items. Furthermore, the Chairman of the Board of Directors, the CEO and the CFO attended the meetings of the Audit Committee as guests as well. The average duration of each meeting was 4.4 hours. In 2008, note was duly taken of the revision to IFRS and of the project work relating to the introduction of the new requirements to be met by the ICS (internal control system) as set forth in the Swiss Code of Obligations.

Governance, Nomination & Compensation Committee

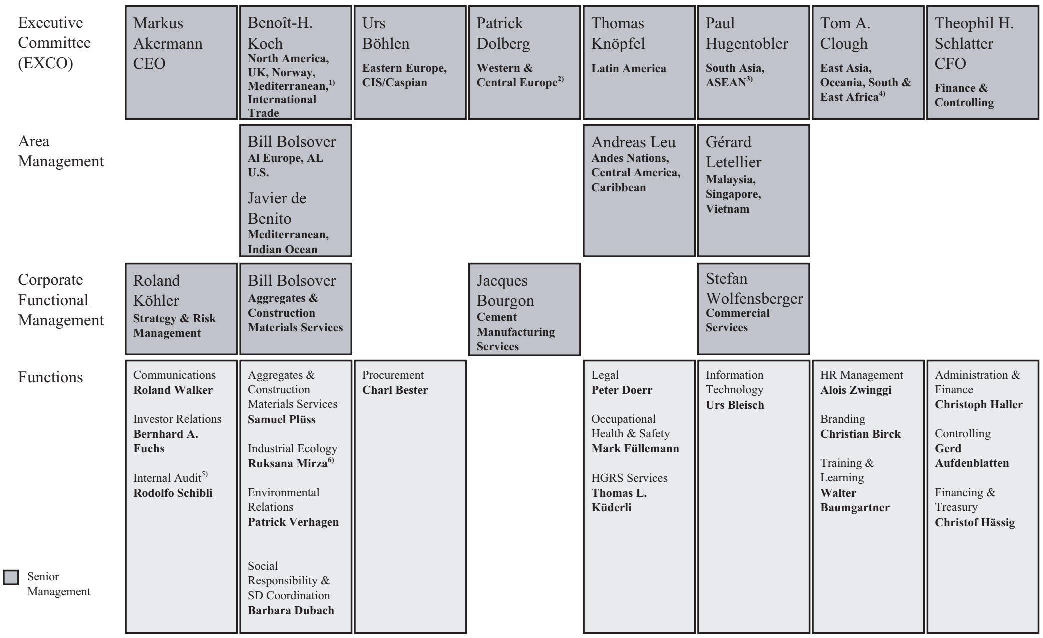
The Governance, Nomination & Compensation Committee supports the Board of Directors by supervising succession planning within senior management and the Board of Directors and by closely monitoring developments with regard to financial compensation for the Board of Directors and senior management. The committee also decides on the compensation paid to the Executive Committee, as well as on the definition of the CEO's targets and the content of the latter's performance assessment and informs the Board of Directors as a whole of the decisions taken.

As of the date of this Offering Memorandum the following persons belong to the Governance, Nomination & Compensation Committee:

Rolf Soiron	Chairman
Erich Hunziker	Member
Thomas Schmidheiny	Member
Wolfgang Schürer	Member

The Governance, Nomination & Compensation Committee held three regular meetings in 2008. All the meetings were attended by all members of the committee. The meetings were also attended by the CEO as a guest, insofar as he was not himself affected by the items on the agenda. The average duration of each meeting was 3.3 hours.

The management structure of the Group as of March 4, 2009 is shown in the organizational chart below.



1) Incl. Iberian Peninsula 2) Excl. Iberian Peninsula, United Kingdom and Norway 3) Excl. Philippines 4) Incl. Philippines 5) Internal Audit reports to the Chairman of the Board of Directors 6) Takes over position as at 1 January 2009

Group Executive Committee and Group Management Board

The following are the members of the Executive Committee of the Group, which is vested with the day-to-day management of the Group, as of the date of this Offering Memorandum:

Markus Akermann	Chief Executive Officer
Urs Böhlen	Member
Tom Clough	Member
Patrick Dolberg	Member
Paul Hugentobler	Member
Thomas Knöpfel	Member
Benoît-H. Koch	Member
Theophil H. Schlatter	Chief Financial Officer

The Group is not aware of any potential conflicts of interest between the duties to the Guarantor of the persons listed above and their private interests or duties.

The business address of each of the above is Holcim Ltd, Zürcherstrasse 156, CH-8645 Jona, Switzerland.

Biographies

Markus Akermann, please refer to "Board of Directors."

Urs Böhlen, Swiss national, born in 1950. Urs Böhlen studied business administration at the University of Berne, graduating in 1977, and complemented his education at the Stanford Business School in 1991. From 1977 to 1979, he served as Project Manager in the accounts division at Union Bank of Switzerland. From 1980 until 1985, he was Head of Controlling at Autophon AG. He joined the Group in 1985; after holding various positions, he was entrusted with overall management of the former Cementfabrik "Holderbank" at Rekingen in 1989. From 1992 until 1998, he served as CEO of Holcim Switzerland, and subsequently has been Area Manager of the Guarantor responsible for Eastern Europe and the CIS/Caspian region. As member of the Executive Committee, he has taken over responsibility for Eastern/Southeastern Europe and the CIS/ Caspian region effective November 1, 2008.

Tom Clough, British national, born in 1947. Tom Clough has a Bachelor's degree in Mining Engineering from the University of Leeds. Following three years working as a mining engineer, he joined Imperial Chemical Industries (ICI) in 1974. From 1988 to 1994, he worked for global minerals and specialty chemicals group ECC International. In 1997, after some years as an independent consultant, he joined Holcim and assumed diverse management tasks in Asia. He was appointed CEO of Holcim's Philippine Group company in 1998 and, following the Group's entry into the Indonesian market in 2001, Chief Executive of Jakarta-based PT Holcim Indonesia Tbk. He joined the Holcim Executive Committee in 2004, with responsibility for East Asia including the Philippines and Oceania, as well as South and East Africa.

Patrick Dolberg, Belgian national, born in 1955. Patrick Dolberg has an MBA from the Solvay Business School, Belgium. He began his professional career with Exxon Chemical. From 1984 to 1986, he worked in sales and marketing with the Unilever Group and Exxon Chemical. Subsequently, he held executive positions with Exxon Chemical International and Monsanto. Patrick Dolberg joined the Group in 1991. From 1992 to the end of 1996, he was General Manager of Scoribel, a Belgian company of the Group. In 1997, he assumed management responsibility for a Group company in Australia. Patrick Dolberg was appointed CEO of St. Lawrence Cement at the end of 1998 and has been CEO of Holcim U.S. since March 2003. As member of the Executive Committee, he has assumed responsibility for Belgium, France, the Netherlands, Germany, Switzerland and Italy effective November 1, 2008.

Paul Hugentobler, Swiss national, born in 1949. Paul Hugentobler has a degree in civil engineering from the ETH Zurich and a degree in economic science from the University of St. Gallen. He joined what is now Holcim Group Support Ltd in 1980 as Project Manager and in 1994 was appointed Area Manager for the Group. From 1999 until 2000, he also served as CEO of Siam City Cement, headquartered in Bangkok, Thailand. He has been a member of the Executive Committee since January 1, 2002 with the responsibility for South Asia and ASEAN excluding the Philippines.

Thomas Knöpfel, Swiss national, born in 1951. Thomas Knöpfel obtained a doctorate in law from the University of Zurich in 1982. He also holds a Master of Law degree in U.S. business and financial law and is a licensed attorney. In 1986, he joined the former Union Bank of Switzerland, before beginning his career with the Group in 1988. After a period as member of the senior management of Holcim (España), S.A. and from 1995 as CEO of Holcim (Colombia) S.A., he was in 1999 appointed Area Manager with responsibility for various Group companies in Latin America. Since January 1, 2003, he has been a member of the Executive Committee, with responsibility for Group region Latin America.

Benoît-H. Koch, French and Brazilian national, born in 1953. Benoît-H. Koch completed his education as an engineer at the ETH Zurich. He joined the Group in 1977, occupying various positions at Group companies in Brazil, France, Belgium and Switzerland until 1992. He has been a member of the Executive Committee since 1992 and is currently responsible for North America, United Kingdom and Norway, the Mediterranean including Iberian Peninsula and International Trade.

Theophil H. Schlatter, Swiss national, born in 1951. Theophil H. Schlatter graduated in business economics at the University of St. Gallen and is a Swiss Certified Accountant. He began his career as a public accountant at STG Coopers & Lybrand. After six years, he moved to Holcim Group Support Ltd, where he was active for a further six years in Corporate Controlling. From 1991 until 1995, he was Head of Finance and a member of the Executive Committee of Sihl Papier AG. He then served as CFO and a member of the Management Committee of Holcim Switzerland for two years. He has been CFO and a member of the Executive Committee of the Guarantor since 1997.

Area Managers

The individual members of the Executive Committee are assisted by Area Managers. The Area Managers and their area of responsibility as of the date of this Offering Memorandum are as follows:

Bill Bolsover	Aggregate Industries
Javier de Benito	Mediterranean, Indian Ocean, West Africa
Gérard Letellier	Vietnam, Malaysia, Singapore, Bangladesh
Andreas Leu	Argentina, Chile, Ecuador, Colombia, Costa Rica, Nicaragua

The business address of each of the above is Holcim Ltd, Zürcherstrasse 156, CH-8645 Jona, Switzerland.

Biographies

Bill Bolsover, British national, born in 1950. Following a career with Tarmac which spanned more than 25 years, resulting in a Main Board position, Bill Bolsover joined Aggregate Industries in 2000 onto the Main Board and was made Chief Operating Officer with responsibility for U.S. and United Kingdom operations in July 2003. As of January 1, 2006, he has been appointed CEO of Aggregate Industries and Area Manager of the Group. In addition to his line responsibilities, he is in charge of the corporate function Aggregates & Construction Materials Services.

Javier de Benito, Spanish national, born in 1958. Javier de Benito studied business administration and economics at the Universidad Autónoma de Madrid and undertook further studies at the Harvard Business School. After a number of years of professional experience in the finance department of an international steel trading company and as a specialist for finance projects with a Spanish export promotion company, he joined Holcim Trading in 1988. Along with responsibility for controlling at the subsidiary companies and for business development, he took on the position of Deputy General Manager in 1992, with responsibility for the trading division. On April 1, 2003, he was appointed Area Manager for the Mediterranean, Indian Ocean and West Africa.

Gérard Letellier, French national, born in 1953. Gérard Letellier, a graduate of the Business & Administration School of the University of Reims, began his career in 1977 in the marketing unit at Holcim France, ultimately moving up to the position of senior management member responsible for cement sales. From 1998 to 2001, he was CEO of Holcim Vietnam and, from 2002, much of his work in his capacity as Deputy Area Manager of the Group was devoted to the expansion of the Group's presence in China. Effective January 1, 2005, Gérard Letellier has been appointed Area Manager. He is responsible for Vietnam, Malaysia, Singapore and Bangladesh.

Andreas Leu, Swiss national, born in 1967. He studied business administration at the University of St. Gallen and holds an MBA from the Johnson Graduate School at Cornell University. After working for the International Committee of the Red Cross (ICRC), he joined the Group in 1999 as a Consultant of Holcim Group Support. In 2002, he was appointed General Manager of Holcim Centroamérica, before assuming the position of CEO of Holcim Ecuador S.A. in 2003. During 2006 and 2007, he also held the position of CEO of

Holcim Venezuela S.A. On August 1, 2008, he was appointed Area Manager of the Guarantor, with responsibility for Argentina, Chile, Ecuador, Colombia, Costa Rica and Nicaragua.

Corporate Functional Managers

The Corporate Functional Managers of the Group and area of responsibility as of the date of this Offering Memorandum are as follows:

Bill Bolsover	Aggregates & Construction Materials Services
Jacques Bourgon	Cement Manufacturing Services
Roland Köhler	Strategy & Risk Management
Stefan Wolfensberger	Commercial Services

The business address of each of the above is Holcim Ltd, Zürcherstrasse 156, 8645 Jona, Switzerland.

Biographies

Bill Bolsover, please refer to "— Area Managers."

Jacques Bourgon, French national, born in 1958. Jacques Bourgon, a graduate in mechanical engineering of the Ecole Catholique d'Arts et Métiers, Lyon, and a postgraduate of Harvard Business School, joined the Group in 1990. In 1992, he was appointed Plant Manager of the Tecomán plant and from 1996 to 2001, was responsible for cement operations as a member of the Holcim Apasco senior management. He has been Head of the Corporate Engineering service function since mid-2001 and has been promoted to Corporate Cement Manufacturing Services Manager as of January 1, 2005, taking over responsibility for Cement Manufacturing Services effective July 1, 2005.

Roland Köhler, Swiss national, born in 1953. Roland Köhler, a graduate in business administration from the University of Zurich, joined building materials group Hunziker (Switzerland) in 1988 as Head of Finance and Administration and transferred to the Group as a management consultant in 1994. From 1995 to 1998, he was Head of Corporate Controlling and, from 1999 to the end of 2001, he was the Head of Business Risk Management. Since 2002, he has headed Corporate Strategy & Risk Management. Effective January 1, 2005, Roland Köhler has been promoted to Corporate Strategy & Risk Manager.

Stefan Wolfensberger, Swiss national, born in 1957. Stefan Wolfensberger has a doctorate from the ETH Zurich and also completed postgraduate studies at Stanford University in the USA. He joined the Group in 1987 as a management consultant. From 1990 to 1994, he was assistant to a member of the Executive Committee. He was subsequently appointed CEO of a Belgian construction materials group. From 1997, he headed the Mineral Components/Product Development service function. He has been Head of Commercial Services since October 2004. Effective January 1, 2005, Stefan Wolfensberger has been promoted to Corporate Commercial Services Manager.

Compensation policy

Board of Directors

The members of the Board of Directors receive a fixed fee, consisting of a set remuneration and a shareholding. The Chairman and Deputy Chairman of the Board of Directors and members of the Audit Committee or the Governance, Nomination & Compensation Committee are paid additional compensation. The Chairman of the Board of Directors is also insured in the pension fund. The compensation of the Board of Directors is defined in a set of rules which is reviewed by the Governance, Nomination & Compensation Committee once a year, and adjusted if necessary. Changes require the approval of the Board of Directors.

Senior management

Senior management of the Guarantor includes the Executive Committee as well as the Area Managers and the Corporate Functional Managers. The annual financial compensation of the senior management comprises a basic salary and a variable compensation with a Group and an individual component. Members of senior management are also insured in the pension fund. The financial compensation of the Executive Committee is set by the Governance, Nomination & Compensation Committee on an annual basis and the decision is noted by the Board of Directors as a whole. The financial compensation for the other members of senior management is set by the CEO on an annual basis and the decision is noted by the Governance, Nomination & Compensation Committee. The basic salary of members of senior management is fixed and is paid in cash. A benchmarking takes place periodically. The variable compensation has a Group and an individual component and, if targets are achieved, accounts for between 45% and 70% of the basic salary, depending on the function concerned.

The Group component accounts for around two thirds of the variable compensation and depends on the Group's financial results. It is calculated on the basis of target attainment in relation to operating EBITDA and the return on invested capital (ROIC), both targets being weighted equally. The pay-out factor comes to between 0 and 2, depending on target attainment. The Group component is paid in the form of registered shares of the Guarantor (subject to a five-year sale and lease restriction period) and a cash element of around 30%. Allotted shares are valued at market price and are either taken from treasury stock or are purchased from the market. The individual component amounts to around one third of the variable salary and depends on the individual's performance. The individual component is paid in the form of options on registered shares of the Guarantor and a cash element of around 30% The payout factor comes to between 0 and 1, depending on target attainment. The exercise price corresponds to the stock market price at the grant date. The options are restricted for a period of three years following the grant date and have an overall maturity period of eight years. The options are valued in accordance with the Black Scholes model. The underlying shares are reserved on the grant date of the options as part of treasury stock or are purchased from the market.

The CEO's performance is assessed annually by the Governance, Nomination & Compensation Committee, the Board of Directors as a whole taking due note. The performance of the remainder of senior management is assessed by the CEO on an annual basis, the Governance, Nomination & Compensation Committee taking due note.

The contracts of employment of senior management are concluded for an indefinite period of time and may be terminated with one year's notice. Depending on the length of tenure with the Group, contracts concluded before 2004 include severance compensation amounting to one annual salary or two annual salaries in the event of notice being given by the Group. More recent contracts of employment no longer include severance compensation. Due to the early retirement of a member of the senior management in 2008, the related costs for the additional financing of the pension benefits were borne by a trust of the employer.

In 2008, no external advisers were consulted on the structuring of the compensation system.

Upon appointment, members of the Executive Committee may be granted a single allocation of options on registered shares of the Guarantor by the Governance, Nomination & Compensation Committee. A requirement is that the members have been with the Group for five years. The options are restricted for nine years and have a maturity period of twelve years. The Group reserved the underlying shares as part of treasury stock or purchases them from the market.

Neither shares nor options may be sold or lent until the end of the restriction period.

Compensation for the Board of Directors and senior management

The following table discloses the compensation of the Board of Directors in 2008 and those of the 15 members of senior management in total as at December 31, 2008[1]:

		Base Salary		Variable Compensation			Other Compensation		
Name		**Cash**	**Shares[2]**	**Cash**	**Shares[2]**	**Options[3]**	**Employer Contributions to Pension Plans**	**Others**	**Total Compensation 2008**
Rolf Soiron[4]	Number		1,513						
	CHF	595,680	80,000				35,425	50,000	761,105
Andreas von Planta[5]	Number		1,513						
	CHF	300,000	80,000				18,169	10,000	408,169
Christine Binswanger	Number		883						
	CHF	46,667	46,667				2,357	5,833	101,524
Lord Norman Fowler[13]	Number		1,513						
	CHF	80,000	80,000				0	10,000	170,000
Erich Hunziker[6]	Number		1,513						
	CHF	100,000	80,000				8,069	10,000	198,069
Willy R. Kissling[6]	Number		630						
	CHF	41,667	33,333				5,123	4,167	84,290
Peter Küpfer[7]	Number		1,513						
	CHF	180,000	80,000				12,109	10,000	282,109
Adrian Loader	Number		1,513						
	CHF	80,000	80,000				0	10,000	170,000
Gilbert J. B. Probst	Number		630						
	CHF	33,333	33,333				4,702	4,167	75,535
H. Onno Ruding[8]	Number		1,513						
	CHF	110,000	80,000				7,726	10,000	207,726
Thomas Schmidheiny[6]	Number		1,513						
	CHF	126,400[12]	80,000				9,401	10,000	225,801
Wolfgang Schürer[6]	Number		1,513						
	CHF	91,667	80,000				7,648	10,000	189,315
Dieter Spälti	Number		1,513						
	CHF	80,000	80,000				7,059	10,000	177,059
Robert F. Spoerry	Number		883						
	CHF	46,667	46,667				2,357	5,833	101,524
Total Board of Directors	**Number**		18,156						
(non-executive members)	**CHF**	1,912,081	960,000				120,145	160,000	3,152,226
Markus Akermann[9][10]	Number		0		9,056	76,980			
	CHF	2,011,756	0	439,946	478,789	400,295	540,207	203,436	4,073,979
Total senior management[11]	**Number**		0		51,167	385,124			
	CHF	15,137,454	0	2,671,172	2,705,214	2,002,643	5,085,636	2,733,112	30,355,231

Notes:

(1) Compensation for the Board of Directors and senior management is disclosed gross of withholding tax and employee social security contributions. "Other compensation" includes employer contributions to pension plans (state old age and survivors insurance (AHV)/disability insurance (IV), pension funds) as well as a lump sum allowance, long-service benefits, government child payments, etc.

(2) The shares were valued at the average market price in the period from January 1, 2009 to February 15, 2009 and are subject to a five-year sale restriction period.

(3) Value of the options according to the Black Scholes model at the time of allocation.

(4) Chairman, Chairman of the Governance, Nomination & Compensation Committee.

(5) Deputy Chairman and Member of the Audit Committee.

(6) Member of the Governance, Nomination & Compensation Committee (Willy R. Kissling until May 7, 2008, Wolfgang Schürer since May 8, 2008).

(7) Chairman of the Audit Committee.

(8) Member of the Audit Committee.

(9) Executive Member of the Board of Directors, CEO.

(10) Member of senior management receiving the highest compensation.

(11) Including executive member of the Board of Directors, CEO.

(12) Including director's fees from subsidiary companies.

(13) Lord Norman Fowler retired with effect from May 7, 2009.

Shareholdings

Shares and options owned by the Board of Directors as at December 31, 2008

At the end of 2008, non-executive members of the Board of Directors held a total of 54,390,666 registered shares in the Guarantor. These numbers comprised privately acquired shares and those allocated under profit-sharing and compensation schemes. As of the end of the 2008 financial year, non-executive members of the Board of Directors did not hold any options from compensation and profit-sharing schemes. Until the disclosure or announcement of market-relevant information or projects, the Board of Directors, senior management and any employees involved are prohibited from effecting transactions with equity securities or other financial instruments of the Guarantor, exchange-listed Group companies, or potential target companies (trade restriction period).

Name	Position	Total Number of Shares 2008	Total Number of Call Options 2008
Rolf Soiron	Chairman, Governance, Nomination & Compensation Committee Chairman	28,917	—
Andreas von Planta	Deputy Chairman	5,306	—
Christine Binswanger	Member	500	—
Lord Norman Fowler[1]	Member	1,827	—
Erich Hunziker	Member	5,503	—
Peter Küpfer	Member, Audit Committee Chairman	5,502	80,000[2]
Adrian Loader	Member	2,894	—
H. Onno Ruding	Member	2,864	—
Thomas Schmidheiny	Member	54,292,690	—
Wolfgang Schürer	Member	31,821	—
Dieter Spälti	Member	7,842	—
Robert F. Spoerry	Member	5,000	—
Total Board of Directors (non-executive members)		**54,390,666[3]**	**80,000**

Notes:

(1) Lord Norman Fowler retired with effect from May 7, 2009.

(2) Exercise price: CHF 110; Ratio 1:1; Style: European; Maturity: May 21, 2010.

(3) Corresponding to 20.6% of the voting rights in the Guarantor as at December 31, 2008.

Shares and options owned by senior management as at December 31, 2008

As at December 31, 2008, the executive member of the Board of Directors and members of senior management held a total of 294,662 registered shares in the Guarantor. This figure includes both privately acquired shares and those allocated under the Group's profit sharing and compensation schemes. Furthermore, at the end of 2008, senior management held a total of 550,003 share options; these arise as a result of the compensation and profit-sharing schemes of various years. Options are issued solely on registered shares of the Guarantor. One option entitles to subscribe to one registered share of the Guarantor.

Name	Position	Total Number of Shares	Total Number of Call Options 2008
Markus Akermann	Executive Member of the Board of Directors, CEO	72,103	157,085
Urs Böhlen	Member of the Executive Committee	10,331	40,308
Tom Clough	Member of the Executive Committee	19,215	50,034
Patrick Dolberg	Member of the Executive Committee	5,463	33,550
Paul Hugentobler	Member of the Executive Committee	52,463	61,489
Thomas Knöpfel	Member of the Executive Committee	25,466	50,873
Benoît-H. Koch	Member of the Executive Committee	30,441	53,955
Theophil H. Schlatter	Member of the Executive Committee, CFO	41,274	71,732
Bill Bolsover	Area Manager and Corporate Functional Manager	3,543	3,954
Javier de Benito	Area Manager	10,142	6,938
Gérard Letellier	Area Manager	6,766	4,996
Andreas Leu	Area Manager	4,580	
Jacques Bourgon	Corporate Functional Manager	4,819	4,742
Roland Köhler	Corporate Functional Manager	4,494	5,369
Stefan Wolfensberger	Corporate Functional Manager	3,562	4,978
Total senior management		**294,662**(1)	**550,003**

Note:

(1) Corresponding to 0.1% of the voting rights in the Guarantor as at December 31, 2008.

Corporate Governance

The Group has high standards when it comes to effective corporate governance, thus ensuring responsible and transparent leadership and management geared to long-term success. This is the only way the Group believes it can meet all the demands of its various stakeholder groups, whether shareholders, creditors, customers, employees or the local communities in which the Group operates.

Managing responsibly

Corporate governance puts the focus not only on business risks and the Group's reputation, but also on corporate social responsibility for all relevant stakeholders. As a responsible enterprise, the Group recognizes the significance of effective corporate governance. The Group shows respect for society and the environment, communicates in an open and transparent manner and acts in accordance with legal, corporate and ethical guidelines. To underline this, a Code of Conduct binding on the entire Group is part of the mission statement since 2004. A number of aspects merit emphasis. According to good governance principles at the Group, the functions of the Chairman of the Board of Directors and CEO are separate — a key element in ensuring a balanced relationship between management and control. With the exception of Markus Akermann, the CEO of the Guarantor, all directors are independent within the meaning of the Swiss Code of Best Practice for Corporate Governance. Since the introduction of a standard registered share in 2003, the principle of "one share, one vote" is valid.

Group structure and shareholders

Holcim Ltd is a holding company operating under the laws of Switzerland for an indefinite period and with its registered office in Rapperswil-Jona (Canton of St. Gallen, Switzerland). The Company has no mutual cross-holdings in any other listed company, nor were any shareholders' agreements or other agreements regarding voting or holding of shares of the Guarantor concluded.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

To the knowledge of the Guarantor, as at July 17, 2009, Thomas Schmidheiny, Rapperswil-Jona, Switzerland, held, directly and indirectly through Schweizerische Cement-Industrie-Gesellschaft, Zürcherstrasse 156, 8645 Jona, Switzerland, 59,493,558 Shares, corresponding to 18.19% of the voting rights in the Guarantor.

To the knowledge of the Guarantor, as at June 30, 2009, Filaret Galchev-Kaltsidis, Moscow, Russia, held indirectly through EUROCEMENT Holding AG, Bahnhofstrasse 78, 8001 Zurich, Switzerland, 18,046,350 Shares, corresponding to 6.52% of the voting rights in the Guarantor.

On August 20, 2008, The Capital Group Companies Inc., 333 South Hope Street, Los Angeles, CA, USA, Capital Research and Management Company, 333 South Hope Street, Los Angeles, CA, USA, Capital Guardian Trust Company, 333 South Hope Street, Los Angeles, CA, USA, Capital International Ltd, 40 Grosvenor Place, London, UK, Capital International Inc., 11100 Santa Monica Blvd 15th Fl., Los Angeles, CA, USA and Capital International S.A., 3, Place des Bergues, Geneva, Switzerland, reported to hold, together, 13,181,456 Shares, corresponding, at that time, to 5.00% of the voting rights in the Guarantor.

Related Party Transactions

Loans

As at December 31, 2008, there were loans outstanding from the Guarantor to five members of senior management in an aggregate amount of about CHF 2.5 million. The table below shows the outstanding amount as well as the respective terms of the loans:

Borrower	Position	Original Currency	Loan Amount in CHF	Interest Rate	Maturity Date	Collateral
Benoît-H. Koch	Member of the Executive Committee	CHF	1,450,000	3.25%	January 31, 2010	yes
Stefan Wolfensberger	Corporate Functional Manager	CHF	438,100	variable	December 31, 2022	yes
Roland Köhler	Corporate Functional Manager	CHF	300,000	variable	December 31, 2015	yes
Benoît-H. Koch	Member of the Executive Committee	EUR	200,662	variable	open	yes
Urs Böhlen	Member of the Executive Committee	CHF	51,000	variable	December 31, 2015	yes
Thomas Knöpfel	Member of the Executive Committee	CHF	16,000	variable	December 31, 2009	yes

TERMS AND CONDITIONS OF THE SERIES A NOTES

The Trust Deed and the terms and conditions of the Notes have not been qualified under the U.S. Trust Indenture Act 1939, as amended. The following are the terms and conditions substantially in the form in which they will be endorsed on the Notes in definitive form (if issued). In these terms and conditions, references to the Notes are to the Series A Notes:

The issue of the U.S.$750,000,000 6.000% Guaranteed Notes due 2019 (the "Notes," which expression includes, unless the context requires otherwise, any further securities issued pursuant to Condition 15 and forming a single series with the Notes) was (save in respect of such further securities) authorized by a resolution of the sole manager of Holcim US Finance S.à r.l. & Cie S.C.S. (the "Issuer") on September 21, 2009. The giving of the guarantee in relation to the Notes (the "Guarantee") was approved by resolutions of the Board of Directors of Holcim Ltd (the "Guarantor") passed on January 20, 2009 and August 18, 2009.

The Notes are constituted by a trust deed dated September 29, 2009 (the "Trust Deed," which expression includes such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) between the Issuer, the Guarantor and Deutsche Trustee Company Limited (the "Trustee," which expression shall include all persons from time to time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes. Copies of the Trust Deed, the Guarantee and of the agency agreement (the "Agency Agreement") dated September 29, 2009 relating to the Notes between the Issuer, the Guarantor, the Trustee, Deutsche Bank AG, London Branch (the "Principal Paying Agent," which expression shall include any successor principal paying agent under the Agency Agreement), and the paying agents appointed under the Agency Agreement (such persons, together with the Principal Paying Agent being referred to below as the "Paying Agents," which expression shall include their successors as Paying Agents under the Agency Agreement), and the transfer agents appointed under the Agency Agreement (such persons referred to below as "Transfer Agents," which expression shall include their successors as Transfer Agents under the Agency Agreement), and Deutsche Bank Trust Company Americas as registrar in respect of the Rule 144A Notes (the "New York Registrar") and Deutsche Bank Luxembourg S.A. as registrar in respect of the Regulation S Notes (the "European Registrar," and together with the New York Registrar, the "Registrars"), which expression shall include any successor registrars under the Agency Agreement), are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified offices of the Principal Paying Agent and the Paying Agents and Transfer Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

References to "Conditions" are, unless the context requires, to the numbered paragraphs of these Conditions.

1. Form and Denomination

The Notes are issued in registered form, without interest coupons attached, and shall be serially numbered. Notes, whether sold (i) in offshore transactions in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act") ("Regulation S Notes") or (ii) to qualified institutional buyers within the meaning of Rule 144A ("QIBs") (as defined in the Trust Deed) in reliance on Rule 144A under the Securities Act ("Rule 144A Notes"), will be issued in minimum denominations of U.S.$2,000 or any amount in excess thereof which is an integral multiple of U.S.$1,000 (each such denomination referred to as an "authorized denomination").

2. Title, Registration and Transfer

(a) Title

Title to the Notes will pass by transfer and registration as described in this Condition 2.

Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" or "holder" means the person in whose name a Note is registered in the relevant Register (as defined below) (or, in the case of joint holders, the first named thereof) and "Noteholders" and "holders" shall be construed accordingly.

Notes sold to QIBs in the United States in reliance on Rule 144A under the Securities Act will be represented by a Restricted Global Note. Notes sold to investors outside the United States in reliance on Regulation S under the Securities Act will be represented by an Unrestricted Global Note. The Unrestricted Global Note will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The Restricted Global Note will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee of The Depositary Trust Company ("DTC").

Ownership of beneficial interests in the Restricted Global Note will be limited to Persons that have accounts with DTC or Persons that may hold interests through such participants. Ownership of beneficial interests in the Unrestricted Global Note will be limited to Persons that have accounts with Euroclear or Clearstream, Luxembourg or Persons that may hold interests through such participants. Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by DTC and its participants or by Euroclear, Clearstream, Luxembourg and their participants, as applicable. Global Notes will be exchangeable for Notes in definitive form only in certain limited circumstances.

(b) Registration

The Issuer will cause a register in respect of the Rule 144A Notes to be kept at the specified office of the New York Registrar (the "New York Register") and a register in respect of the Regulation S Notes to be kept at the specified office of the European Registrar (the "European Register," and together with the New York Register, the "Registers") in which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and all transfers and redemptions of the Notes. A copy of the Registers, as updated from time to time, will be provided to the Issuer on a regular basis.

(c) Transfer

(i) Transfer

Notes may, subject to the terms of the Agency Agreement and to paragraphs (ii), (iii) and (iv) below, be transferred in whole or in part in an authorized denomination upon surrender of the relevant Note (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the relevant Registrar or any Transfer Agent, together with such evidence as the relevant Registrar or the relevant Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of Notes not transferred are authorized denominations.

No transfer of a Note will be valid unless and until entered on the relevant Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons).

The relevant Registrar, within five business days (as defined below) of any duly made application for the transfer of a Note, will deliver a new Note to the transferee (and, in the case of a transfer of part only of a Note, deliver a Note for the untransferred balance to the transferor), at the specified office of the relevant Registrar, or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Note by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(ii) Formalities Free of Charge

The transfer of a Note will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the relevant Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrars and the Trustee.

(iii) Closed Periods

Neither the Issuer nor the Registrars will be required to register the transfer of any Note (or part thereof) during the period of 15 days immediately prior to the due date for any payment of principal or interest in respect of the Notes.

(iv) Business Day

In these Conditions, "business day," unless otherwise specified, means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, New York City, Zurich, Luxembourg and the city in which the specified office of the Paying Agent is located.

(v) Regulations

All transfers of Notes and entries on the relevant Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior approval of the relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the relevant Registrar to any Noteholder who requests in writing a copy of such regulations.

3. Guarantee and Status

(a) Guarantee

The Guarantor has unconditionally and irrevocably guaranteed, in accordance with Article 111 of the Swiss Federal Code of Obligations, the due and punctual payment of all sums expressed to be payable by the Issuer under the Notes. Its obligations in that respect are contained in the Guarantee.

(b) Status of Notes

The Notes constitute direct, senior, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present or future (subject as aforesaid) unsecured and unsubordinated obligations of the Issuer (other than obligations which are preferred by bankruptcy, liquidation or other similar laws of general application).

(c) Status of Guarantee

The Guarantee constitutes a direct, unconditional, (subject to Condition 4(a)) unsecured and unsubordinated obligation of the Guarantor ranking *pari passu* with all other present or future (subject as aforesaid) unsecured and unsubordinated obligations of the Guarantor in respect of money borrowed, raised, guaranteed or otherwise secured by the Guarantor (other than obligations which are preferred by bankruptcy, liquidation or other similar laws of general application).

4. Covenants

(a) Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or have outstanding any mortgage, pledge, lien or other charge ("Security") upon the whole or any part of its undertaking or assets, present or future, to secure any Relevant Indebtedness or any guarantee for or indemnity in respect of any Relevant Indebtedness unless in any such case at the same time the Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee are secured by the same Security as is created or is outstanding in respect of such Relevant Indebtedness, guarantee or indemnity or as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) shall be approved by a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of not less than three quarters of the votes cast (an "Extraordinary Resolution") of the Noteholders.

For the purposes of this Condition, "Relevant Indebtedness" means any loan or other indebtedness in the form of, or represented by, bonds, notes, debentures or other similar securities which are capable of being quoted, listed or traded on any stock exchange or over-the-counter or other securities market and has an original maturity of at least one year from its date of issue.

(b) Mergers, Consolidations, etc.

So long as any Note remains outstanding, neither the Issuer nor the Guarantor will (i) consolidate or merge with or into another Person (whether or not the Issuer or the Guarantor, as the case may be, is the Surviving Entity, as defined below); or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of its properties or assets, taken as a whole, in one or more related transactions, to another Person; unless

(a) either: (1) the Issuer or the Guarantor, as the case may be, is the surviving corporation; or (2) the Person formed by or surviving any such consolidation or merger (if other than the Issuer or the Guarantor, as the case may be) or to which such sale, assignment, transfer, conveyance or other disposition has been made, is a corporation organized and validly existing under the laws of any member state of the European Economic Area, any state of the United States or the District of Columbia, Canada, Switzerland, the Cayman Islands, Hong Kong, Bermuda or the British Virgin Islands or such other jurisdiction as may be agreed by the Trustee or as shall be approved by an Extraordinary Resolution of Noteholders (the "Surviving Entity");

(b) immediately after such transaction, the Surviving Entity (if other than the Issuer or the Guarantor) assumes all the obligations of the Issuer or the Guarantor, as the case may be, under the Notes and the Guarantee, as the case may be, and the Trust Deed pursuant to agreements (including, without limitation, a supplemental trust deed) reasonably satisfactory to the Trustee;

(c) if the Surviving Entity is the Guarantor, the Guarantor shall have delivered a written instrument in a form reasonably satisfactory to the Trustee confirming its obligations under the Guarantee and the Trust Deed and if the Surviving Entity is the Issuer, the Issuer shall have delivered a written instrument in a form reasonably satisfactory to the Trustee confirming its obligations under the Notes and the Trust Deed; and

(d) immediately after such transaction, no Event of Default exists.

For the purposes of these Conditions, "Person" means any individual, company, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, political subdivision, agency or other entity.

The Issuer and the Guarantor have agreed in the Trust Deed to send to the Trustee and to the Principal Paying Agent (if the same are produced) as soon as reasonably practicable after their date of publication and in the case of annual financial statements in any event not more than 180 days after the end of each financial year, two copies in the English language of the Issuer's and the Guarantor's, as the case may be, annual balance sheet and profit and loss account and of every balance sheet, profit and loss account, report or other notice, statement or circular issued (or which under any legal or contractual obligation should be issued) to *the holders of debentures or (or any class of them) of the Issuer or the Guarantor, as the case may be, in their capacity as such at the time of the actual (or legally or contractually required) issue or publication thereof and to procure that the same are made available for inspection by Noteholders at the specified office of the Principal Paying Agent as soon as reasonably practicable thereafter*

5. Redemption, Purchase and Cancellation

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on December 30, 2019 (the "Maturity Date").

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Luxembourg or Switzerland or any political subdivision or any authority thereof having power to tax therein, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after September 25, 2009 and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts if a payment in respect of the Notes (or the Guarantee as the case may be) were then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver or procure that there is delivered to the Trustee (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognized standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts (as the case may be) as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the holders of the Notes. Upon expiry of any such notice as referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

(c) Redemption at the Option of the Issuer

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued to the date fixed for redemption.

For the purposes of this Condition 5(c):

"Early Redemption Amount" means the greater of (i) the principal amount of the Notes and (ii) the sum of the present values of the remaining scheduled payments to the Maturity Date of principal and interest in respect of the Notes (exclusive of interest accrued to the date fixed for redemption) discounted to the date fixed for redemption on a semi-annual basis (assuming a 360 day year consisting of twelve 30 day months) at the Treasury Rate plus 45 basis points, as determined by an Independent Financial Adviser.

"Independent Financial Adviser" means an independent financial institution appointed by the Issuer and approved in writing by the Trustee; and

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the Maturity Date; provided, however, that if the period from the redemption date to the Maturity Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used, such yield to be determined by an Independent Financial Adviser.

(d) Redemption at the Option of the Noteholders (Change of Control Put)

A "Put Event" will be deemed to occur if:

(i) any person or any persons acting in concert (as defined below) directly or indirectly acquire (A) more than 50% of the issued share capital of the Guarantor or (B) shares in the capital of the Guarantor carrying more than 50% of the total voting rights attributable to the entire issued share capital of the Guarantor and which may be exercised at a general meeting of the Guarantor (each such event being, a "Change of Control"); and

(ii) on the date (the "Relevant Announcement Date") of the first public announcement of the relevant Change of Control the Notes carry:

A. an investment grade credit rating (Baa3/BBB-, or equivalent, or better), from any Rating Agency and such rating is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) (a "Non-Investment Grade Rating") or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency; or

B. a Non-Investment Grade Rating from any Rating Agency and such rating is, within the Change of Control Period, either downgraded by one or more rating categories (by way of example, BB+ to BB being one rating category) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency; or

C. no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that (X) if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (A) will apply and (Y) no Put Event will be deemed to occur if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency and less than all of such Rating Agencies downgrade or withdraw such credit rating as described in sub-paragraph (A) and sub-paragraph (B) above; and

(iii) in making any decision to downgrade or withdraw a credit rating pursuant to sub-paragraph (A) and sub-paragraph (B) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Guarantor that such decision(s) resulted, in whole or predominantly, from the occurrence of the Change of Control.

If a Put Event occurs, the holder of each Note will have the option (a "Put Option") (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 5(b) or Condition 5(c) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date at 100% of its principal amount together with interest accrued to (but excluding) the Put Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured to its satisfaction), give notice (a "Put Event Notice") to the Noteholders in accordance with Condition 16 specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, the holder of the Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "Put Period") of 30 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "Change of Control Put Notice"). The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 5(d) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

If two thirds or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 5(d), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at 100% of their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any of Moody's, S&P or Fitch are changed from those which are described in paragraph (ii) of the definition of "Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Guarantor shall determine the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and this Condition 5(d) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to paragraph (iii) above or pursuant to the definition of Negative Rating Event below, and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or other such event has occurred.

In this Condition 5(d):

"acting in concert" means acting together pursuant to an agreement or understanding (whether formal or informal);

"Change of Control Period" means the period commencing on the Relevant Announcement Date and ending 90 days after the Relevant Announcement Date;

a "Negative Rating Event" shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency the Guarantor (i) does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavors to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Guarantor or (ii) does so seek and use such endeavors but is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period;

In these Conditions:

"Put Date" means the date falling fourteen days after the expiration of the Put Period; and

"Rating Agency" means Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. ("S&P") or Fitch Inc., a subsidiary of Fimalac S.A. ("Fitch") any of their respective successors or any other rating agency (a "Substitute Rating Agency") selected or substituted for any of them by the Guarantor from time to time.

(e) Notice of Redemption

All Notes in respect of which any notice of redemption is given under this Condition 5 shall be redeemed on the date specified in such notice in accordance with this Condition 5.

(f) Purchase

The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise at any price. Notes so purchased may be held or resold (provided that such resale is outside the United States, as defined in Regulation S under the Securities Act) or surrendered by the Issuer or the Guarantor, as the case may be, for cancellation at the option of the Issuer or the Guarantor, respectively.

In this Condition 5(f): "Subsidiary" means a company or corporation that is consolidated in, or would be qualified to be consolidated in, the Guarantor's audited financial statements (prepared in accordance with International Financial Reporting Standards).

(g) Cancellation

All Notes which are redeemed pursuant to Condition 5(b) or 5(c) or 5(d) or purchased and submitted for cancellation pursuant to Condition 5(f) will be cancelled and may not be re-issued or resold.

6. Interest

(a) Initial Interest

The Notes bear interest from September 29, 2009 (the "Issue Date") at the rate of 6.000% per annum (the "Initial Rate of Interest"), payable semi-annually in equal installments in arrears on June 30 and December 30 in each year (each an "Interest Payment Date"), except that the first payment of interest will be made on December 30, 2009 in respect of the period from and including the Issue Date to but excluding December 30, 2009 and will amount to U.S. $30.33 per Note in the denomination of U.S.$2,000. Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is referred to in these Conditions as an "Interest Period."

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period other than an Interest Period, it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(b) Interest Rate Adjustment based on Rating Events

(i) The rate of interest payable on the Notes will be the Initial Rate of Interest, subject to adjustment in accordance with the Interest Ratchet (each such adjustment, a "Rate Adjustment").

(ii) Any Rate Adjustment shall apply in respect of the Interest Period commencing on the Interest Payment Date falling on or immediately following the date of the relevant change in rating, until either a further Rate Adjustment becomes effective or to the Maturity Date, or the date of any earlier redemption of the Notes, as the case may be.

(iii) Notwithstanding any other provision of this Condition 6(b), there shall be no Rate Adjustment at any time after notice of redemption has been given by the Issuer pursuant to Condition 5(c).

(iv) There shall be no limit on the number of times that a Rate Adjustment may be made pursuant to this Condition 6(b) during the term of the Notes, provided always that at no time during the term of the Notes will the rate of interest payable on the Notes be less than the Initial Rate of Interest or more than the Initial Rate of Interest plus 1.25% per annum.

(v) If an event giving rise to a Rate Adjustment pursuant to this Condition 6(b) occurs, the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two directors of the Issuer confirming the same and the interest rate resulting therefrom and will give notice thereof to Noteholders in accordance with Condition 15 as soon as possible after the occurrence of the relevant event but in no event later than the tenth business day thereafter.

In these Conditions:

"Initial Rate of Interest" means 6.000% per annum;

"Interest Ratchet" means the following rates of interest:

(c) Upon the occurrence of a Step Up Rating Change: the Initial Rate of Interest plus 1.25% per annum; and

(d) Upon the occurrence of a Step Down Rating Change: the Initial Rate of Interest

"Investment Grade" means Baa3 (in the case of Moody's) or BBB- (in the case of S&P or Fitch) or the equivalent rating level of any other Substitute Rating Agency or higher;

"Rating" means a rating of the Notes;

"Step Down Rating Change" means the first public announcement after a Step Up Rating Change by one or more Rating Agencies of an increase in the Rating with the result that none of the Rating Agencies rate the Notes below Investment Grade (provided always that if less than two Rating Agencies maintain a Rating at such time the Step Down Rating Change shall not occur until at least two Rating Agencies have assigned or maintain an Investment Grade Rating); and

"Step Up Rating Change" means (i) the first public announcement by one or more Rating Agencies of a decrease in the Rating to below Investment Grade or (ii) there ceasing to be a Rating assigned by at least two Rating Agencies. For the avoidance of doubt, following a Step Up Rating Change any further decrease in the Rating by any Rating Agency or any further withdrawal of Rating shall not constitute a further Step Up Rating Change.

7. Payments

(a) Principal

Payments of principal (whenever due) and interest due on redemption shall be made by U.S. Dollar check drawn on a bank in New York City, or upon application by a holder of a Note to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment by transfer to a U.S. Dollar account maintained by the payee with, a bank in New York City and shall only be made upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the specified office of the relevant Registrar or any Paying Agent.

(b) Interest

Payments of interest (other than interest due on redemption) shall be made by U.S. Dollar check drawn on a bank in New York City, or upon application by a holder of a Note to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment by transfer to a U.S. Dollar account maintained by the payee with, a bank in New York City.

(c) Payments Subject to Fiscal Laws

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) Payments on business days

If the due date for any payment of principal or interest under this Condition 7 is not a business day, the holder of a Note shall not be entitled to payment of the amount due until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay. In this Condition, "business day" means any day on which banks are open for business in the place of the specified office of the relevant Paying Agent and, in the case of payment by transfer to a U.S. Dollar account as referred to above, on which dealings in foreign currencies may be carried on both in New York City and in such other place.

(e) Partial payments

If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the relevant Register and, in the case of partial payment upon presentation of a Note, that a statement indicating the amount and the date of such payment is endorsed on the relevant note.

(f) Record date

Each payment in respect of a Note will be made to the person shown as the holder in the relevant Register at the opening of business (in the place of the relevant Registrar's specified office) on the fifteenth day before the due date for such payment (or, if such fifteenth day is not a business day in the place of the relevant Registrar's specified office, the next succeeding day which is a business day in such place). Any check will be mailed to the holder of the relevant Note at his address appearing in the relevant Register (at the risk of and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder).

(g) Agents

The initial Registrars, the initial Paying Agents and the initial Transfer Agents and their initial specified offices are listed below. The Issuer and the Guarantor, acting together, reserve the right to vary or terminate the appointment of all or any of the Registrars and the Paying Agents and Transfer Agents at any time and appoint additional or other paying agents or transfer agents, provided that they will maintain (i) a Principal Paying Agent, (ii) Paying Agents having specified offices in at least one major European city, (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 and (iv) Registrars. Notice of any such change will be given to Noteholders in accordance with Condition 16.

8. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or under the Guarantee by the Guarantor shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within or on behalf of Luxembourg or Switzerland or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall increase the relevant payment so as to result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:

(a) held by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or the Guarantee by reason of its having some connection with Luxembourg or (as the case may be) Switzerland other than the mere holding of such Note; or

(b) to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying or procuring that any third party complies with any statutory requirement, or making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note is presented for payment; or

(c) where (in the case of a payment of principal or interest on redemption) the relevant Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant Note on the last day of such period of 30 days; or

(d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union.

In these Conditions, "Relevant Date" means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in London by or for the account of the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition or any undertaking given in addition to or in substitution of this Condition 8 (Taxation) pursuant to the Trust Deed.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than Luxembourg or Switzerland respectively, references in these Conditions to Luxembourg or Switzerland shall be construed as references to Luxembourg or (as the case may be) Switzerland and/or such other jurisdiction.

9. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured to its satisfaction) give notice to the Issuer that the Notes are and they shall immediately become due and repayable at their principal amount together with accrued interest if any of the following events (each, subject to the proviso below, an "Event of Default") occurs and is continuing:

(a) default is made in the payment of any principal or interest on any of the Notes when due and such default continues for a period of 14 business days (as defined below); or

(b) the Issuer or the Guarantor fails duly to observe or perform any other obligation in the Notes for a period of 50 days after notice of such default shall have been given; or

(c) (i) any other present or future indebtedness of the Issuer or the Guarantor for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or, as the case may be, the Guarantor or (ii) any such indebtedness is not paid when due or (iii) the Issuer or the Guarantor fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, in each of (i), (ii) and (iii) above, within any applicable grace period, provided that the aggregate amount of such relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds the higher of (x) 0.6% of the Guarantor's consolidated total shareholders' equity as determined by reference to the most recent published audited consolidated annual financial statements of the Guarantor and (y) CHF 125 million, or their equivalents (on the basis of the middle spot rate for the relevant currency against the Swiss Franc as quoted by any leading bank on the day on which this paragraph operates); or

(d) the Issuer or the Guarantor declares itself or becomes insolvent or is unable to pay its debts as they mature or is declared in suspension of payments, and/or proceedings are initiated by or against the Issuer or the Guarantor under any applicable liquidation, insolvency, bankruptcy, composition, reorganization, moratorium or other similar laws, or applies for or consents to or suffers the appointment of an administrator, liquidator or receiver or any other similar official of the Issuer or the Guarantor over the whole or any material part of its undertaking, property or assets or enters into a general assignment or composition with or for the benefit of its creditors, or an order is made or effective resolution is passed for the winding up or dissolution (save, in the case of the Guarantor, following a reorganization involving the assumption by any corporation of all the Guarantor's liabilities under the Notes) of the Issuer or the Guarantor; or

(e) the Issuer ceases to be directly or indirectly majority owned and directly or indirectly controlled by the Guarantor; or

(f) the Guarantee is not (or is claimed by the Guarantor not be) in full force and effect.

provided that in the case of paragraph (b) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of Noteholders.

In this Condition 9, "business day" means a day (other than a Saturday or Sunday) on which banks are open for business generally in Zurich.

10. Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by one or more Noteholders holding in aggregate not less than 25% in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons present being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or the rate of interest on, or to vary the method of calculating interest on, the Notes, (iii) to change the currency of payment of the Notes or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution (each a "Reserved Matter"), in which case, the necessary quorum for passing an Extraordinary Resolution will be two or more persons present holding or representing not less than 100% in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution duly passed at any meeting of Noteholders shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

A resolution in writing signed by or on behalf of the holders of not less than 90% in principal amount of the Notes then outstanding (or, in the case of a resolution in writing relating to a Reserved Matter, 100%) who for the time being are entitled to receive notice of a meeting shall for all purposes be as valid as an Extraordinary Resolution passed at a meeting of Noteholders convened and held in accordance with the provisions of the Trust Deed. Such resolution in writing may be in one document or several documents in like form each signed by or on behalf of one or more of the Noteholders.

(b) Modification and Waiver

The Trustee may, without the consent of the Noteholders, agree to any modification of the Notes, the Guarantee, the Trust Deed or the Agency Agreement, which (except as mentioned in the Trust Deed) in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or is not materially prejudicial to the interests of the Noteholders. In addition, the Trustee may, without the consent of the Noteholders, also waive or authorize or agree to the waiving or authorizing (on such terms, if any, as shall seem expedient to it) of any breach or proposed breach by the Issuer or the Guarantor (as the case may be) of the Conditions, the Guarantee, the Trust Deed or the Agency Agreement or determine that any Event of Default shall not be treated as such, in each case which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders, other than in relation to a Reserved Matter. Notice of any such modification, waiver or authorization shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be given to the Noteholders in accordance with Condition 16.

(c) Entitlement of the Trustee

In connection with the exercise of any of its powers, trusts, authorities or discretions (including but not limited to those referred to in this Condition), the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Trustee shall not be entitled to require, and no Noteholder shall be entitled to claim, from the Issuer or (in the case of a Noteholder) the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(d) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes (such substitute entity being the "Substituted Obligor") subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Guarantor (unless the Substituted Obligor is the Guarantor), (ii) the Substituted Obligor being directly or indirectly majority owned and directly or indirectly controlled by the Guarantor (unless the Substituted Obligor is the Guarantor) and (ii) all other relevant conditions of the Trust Deed having been complied with. In the case of such a substitution the Trustee may agree without the consent of the Noteholders to a change of law governing the Notes provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

11. Trustee and Agents

The Trustee's responsibilities are solely those of trustee for the Noteholders on the terms of the Trust Deed. Accordingly, the Trustee makes no representations and assumes no responsibility for the validity or enforceability of the Notes or the Guarantee or for the performance by the Issuer or the Guarantor, as the case may be, of its obligations under or in respect of the Notes, the Guarantee and the Trust Deed, as applicable.

In acting under the Agency Agreement and in connection with the Notes, the Paying Agents and the Transfer Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

12. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Guarantee and the Notes, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. Prescription

Claims against the Issuer in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date. Claims in respect of any other amounts payable in respect of the Notes shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and to be paid its costs and expenses in priority to claims of the Noteholders. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

15. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition. Any such other securities shall be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders for the holders of securities of other series where the Trustee so decides.

16. Notices

Notices to the Noteholders shall be valid if sent to them by first class mail (airmail if overseas) at their respective addresses on the relevant Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, notices will be published in electronic form on the website of the Luxembourg Stock Exchange *(www.bourse.lu)* or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if in the opinion of the Trustee such publication shall not be practicable, in any similar newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

17. Use of Proceeds

The net proceeds of the issue of the Notes will be used outside of Switzerland, both for the general corporate purposes of the Group and for repayment of existing debt.

18. Contracts (Rights of Third Parties) Act 1999

No Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect the right or remedy of any Person which exists or is available apart from such Act.

19. Governing Law and Jurisdiction

(a) Governing law

The Notes and the Trust Deed and all non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, English law. The Guarantee is governed by and shall be construed in accordance with Swiss substantive law.

(b) Jurisdiction

The courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with the Notes or the Trust Deed ("Proceedings") may be brought in such courts and any final and conclusive judgment in any Proceedings brought in the courts of England shall be conclusive and binding and may be enforced in the courts of any other jurisdiction. The Issuer has in the Trust Deed irrevocably submitted to the non-exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

Any legal action or proceeding in respect of the Guarantee shall be brought exclusively in the Courts of the Canton of Zurich, Switzerland and shall be adjudicated by the Commercial Court of the Canton of Zurich (Handelsgericht des Kantons Zürich).

(c) Agent for Service of Process

The Issuer has appointed (i) Holcim Participations (UK) Limited of Bardon Hall, Copt Oak Road, Markfield, Leicestershire LE67 9PJ, United Kingdom as its agent in England to receive service of process in any Proceedings in England in connection with the Notes or the Trust Deed and (ii) Holcim Participations (US) Inc. at 201 Jones Road, Massachusetts, Waltham, MA 02451, United States to receive, for it and on its behalf, service of process in any Proceedings in the United States. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in England or the United States, as the case may be, the Issuer agrees to appoint a substitute process agent in England or the United States, as the case may be, and to notify Noteholders of such appointment in accordance with Condition 16. Nothing shall affect the right of any Noteholder to serve process in any matters permitted by law.

TERMS AND CONDITIONS OF THE SERIES B NOTES

The Terms and Conditions of the Series A Notes shall apply, *mutatis mutandis*, to the Series B Notes, save that references to the "Issuer" shall mean Holcim Capital Corporation Ltd., the reference to the "sole manager" in the first paragraph shall be deleted and replaced with "board of directors," and the reference to September 21, 2009 in the first paragraph shall be deleted and replaced with January 19, 2009, the Series B Notes shall bear interest at the rate of 6.875% per year (and references to the "Initial Rate of Interest" shall be construed accordingly), payable semi-annually in arrears on March 29 and September 29 of each year, beginning on March 29, 2010, and will be redeemed at their principal amount on September 29, 2039, in Condition 2(c)(iv) (*Business Day*) a reference to "Bermuda" shall be added after Luxembourg and in Condition 8 (*Taxation*) references to "Luxembourg" shall be deleted and replaced with "Bermuda."

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes are being offered and sold in this Offering in the United States solely to QIBs, as defined in Rule 144A promulgated under the Securities Act and in offshore transactions to persons other than "U.S. persons," as defined in Regulation S promulgated under the Securities Act, in reliance on Regulation S. Following this Offering, the Notes may be sold only in accordance with the restrictions on transfer set forth under the caption "Transfer Restrictions."

The Global Notes

The Notes will be evidenced on issue by (i) in the case of Regulation S Notes, Regulation S Global Notes deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg and (ii) in the case of Rule 144A Notes, Rule 144A Global Notes deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC.

Beneficial interests in a Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See "— Book-Entry Procedures for the Global Notes." By acquisition of a beneficial interest in a Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person, and that, if it determines to transfer such beneficial interest prior to the expiration of the 40-day distribution compliance period, it will transfer such interest only to a person whom the seller reasonably believes (a) to be a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Global Note (if applicable). See "Transfer Restrictions." Beneficial interests in a Rule 144A Global Note may only be held through DTC at any time. See "— Book-Entry Procedures for the Global Notes." By acquisition of a beneficial interest in a Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the relevant agency agreement. See "Transfer Restrictions."

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the relevant agency agreement, and with respect to Rule 144A Global Notes, as set forth in Rule 144A, and the Notes will bear the legends set forth thereon regarding such restrictions set forth under "Transfer Restrictions." A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, and only upon receipt by the relevant Registrar of a written certification (in the form provided in the relevant agency agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, only upon receipt by the relevant Registrar of a written certification (in the form provided in the relevant agency agreement) from the transferor to the effect that the transfer is being made in accordance with Regulation S.

Any beneficial interest in the Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, will, upon transfer, cease to be an interest in the Regulation S Global Note, and become an interest in the Rule 144A Global Note, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Rule 144A Global Note, for as long as it remains such an interest. Any beneficial interest in the Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, will, upon transfer, cease to be an interest in the Rule 144A Global Note, and become an interest in the Regulation S Global Note, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Note, for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the relevant Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes in definitive form (the Definitive Notes). The Notes are not issuable in bearer form.

Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that they represent, some of which modify the effect of the above Terms and Conditions of the Notes. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note will be made to the person who appears at the relevant time on the register of Noteholders against presentation for endorsement by the Principal Paying Agent and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the relevant Notes.

Notices

So long as any Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Terms and Conditions of such Notes, provided, however, that so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, notices will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

Exchange for Definitive Notes

Exchange

Each Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Notes in definitive, registered form if: (i) a Global Note is held by or on behalf of (A) DTC, and DTC notifies the Relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note or ceases to be a "clearing agency" registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC or (B) Euroclear or Clearstream, Luxembourg, and Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the relevant Registrar or any Transfer Agent or (ii) any event of default occurs.

The relevant Registrar will not register the transfer of, or exchange of interests in, a Global Note for definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest or on the date of optional redemption in respect of the Notes.

"Exchange Date" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the relevant Registrar or the Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Note shall be exchanged in full for definitive Notes and the Relevant Issuer will, at the cost of the Relevant Issuer (but against such indemnity as the relevant Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the relevant Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the relevant Registrar with (a) a written order containing instructions and such other information as the Relevant Issuer and the relevant Registrar may require to complete, execute and deliver such Notes and (b) in the case of a Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Definitive Notes issued in exchange for a beneficial interest in a Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "Transfer Restrictions."

Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the relevant Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Definitive Note bearing the legend referred to under "Transfer Restrictions," or upon specific request for removal of the legend on a Rule 144A Definitive Note, the Relevant Issuer will deliver only Rule 144A Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Relevant Issuer and the relevant Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Relevant Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

Book-Entry Procedures for the Global Notes

Custodial and depository links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "— Book-Entry Ownership — Settlement and Transfer of Notes."

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("Direct Participants") or indirectly ("Indirect Participants" and together with Direct Participants, "Participants") through organizations which are accountholders therein.

DTC

DTC has advised the Relevant Issuer as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerized book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, which clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Notes directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organizations which are Direct Participants in such system.

DTC has advised the Relevant Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the relevant Rule 144A Global Notes as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "Exchange for Definitive Notes," DTC will surrender the relevant Rule 144A Global Notes for exchange for individual Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

The Regulation S Global Notes representing the Regulation S Notes will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

DTC

The Rule 144A Global Notes representing the Rule 144A Notes will have a CUSIP number and will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a note evidenced by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Relevant Issuer to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Relevant Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant clearing system or its nominee. The Relevant Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Relevant Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Relevant Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. None of the Relevant Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the Beneficial Owner) will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a clearing system are exchanged for Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Rule 144A Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement (SDFS) system in same-day funds, if payment is effected in U.S. dollars, or free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note, as the case may be (subject to the certification procedures provided in the relevant agency agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the relevant Rule 144A Global Note will instruct the relevant Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by such Rule 144A Global Note of the relevant class and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the relevant

Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a Rule 144A Global Note (subject to the certification procedures provided in the relevant agency agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the relevant Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the relevant Rule 144A Global Note who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the relevant Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the relevant Regulation S Global Note; and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the relevant Rule 144A Global Note.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Notes among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedure, and such procedures may be discontinued at any time. None of the Relevant Issuer, the Trustee or any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing then-operations.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the Issue Date thereof, which could be more than three business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the relevant Issue Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes between the relevant date of pricing and the relevant Issue Date should consult their own advisors.

FORM OF GUARANTEE OF THE SERIES A NOTES

For more information, see "Summary — The Offering — Status of each Guarantee."

The following is the form of the Guarantee in respect of the Series A Notes in the form to be executed by the Guarantor on or around September 29, 2009.

September 29, 2009
by

Holcim Ltd
(the "Guarantor")

for the benefit of

DEUTSCHE TRUSTEE COMPANY LIMITED AS TRUSTEE OF THE U.S.$750,000,000 NOTES ISSUED BY HOLCIM US FINANCE S.À R.L. & CIE S.C.S. (THE "NOTES")

WHEREAS,

(a) In accordance with the provisions of the subscription agreement entered into on September 24, 2009 (the "Subscription Agreement") among Holcim US Finance S.à r.l. & Cie S.C.S. (the "Issuer"), the Guarantor and Banc of America Securities LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. (the "Joint Lead Managers"), the Issuer has agreed to sell to each of the Joint Lead Managers and each of the Joint Lead Managers has severally agreed to purchase the principal amount of Notes set forth in the Subscription Agreement. The Notes are constituted by a trust deed entered into on September 29, 2009 (the "Trust Deed") among the Issuer, Deutsche Trustee Company Limited as trustee (the "Trustee") and the Guarantor. The Issuer has also entered into an agency agreement on September 29, 2009 (the "Agency Agreement") in relation to the Notes with, *inter alios*, Deutsche Bank AG, London Branch as principal paying agent (the "Principal Paying Agent") and Deutsche Bank Trust Company Americas as registrar for the Rule 144A Notes (the "New York Registrar") and Deutsche Bank Luxembourg S.A. as registrar for the Regulation S Notes (the "European Registrar," and together with the New York Registrar, the "Registrars").

(b) The Guarantor has agreed to guarantee the payment of principal and interest payable by the Issuer under the Trust Deed and in respect of the Notes. The Trustee has agreed pursuant to the terms of the Trust Deed to hold the benefit of this Guarantee on trust for itself and the Noteholders in accordance with their respective interests.

NOW THEREFORE, the Guarantor undertakes as follows:

1. The Guarantor hereby irrevocably and unconditionally guarantees (the "Guarantee"), in accordance with Article 111 of the Swiss Federal Code of Obligations, to the Beneficiaries the due and punctual payment of principal, interest and all other charges of the Issuer under the Notes and the Trust Deed as and when the same shall become due according to the terms and conditions of the Notes (the "Conditions") and, accordingly, the Guarantor irrevocably and as an independent and primary obligor and not merely as a surety undertakes to pay on first demand to the Trustee, in the manner and the currency described in the Conditions and the terms of the Trust Deed, irrespective of the validity and the legal effects of the Notes and the Trust Deed and waiving all rights of objection and defense arising from the Notes or the Trust Deed, any amount up to U.S.$825,000,000 including principal, interest and all other obligations, upon receipt of the written request to the Guarantor by the Trustee for payment in respect of the Notes or by any Noteholder for payment in relation to the Notes held by such Noteholder and its confirmation in writing that the Issuer has not met its obligations arising from the Notes or the Trust Deed on the due date in the amount called under this Guarantee.

2. The Guarantee constitutes an unsecured and unsubordinated obligation of the Guarantor in accordance with the provisions of condition 3 of the Conditions ranking *pari passu* with all its other unsecured and unsubordinated obligations in respect of money borrowed, raised, guaranteed or otherwise secured by the Guarantor.

3. The Guarantee will remain in full force and effect regardless of any amendment to the Conditions, the Trust Deed or any of the Issuer's obligations under any of them. It will remain valid until all amounts of principal and interest are paid in full. The maximum amount of the Guarantee referred to in paragraph (1) above will, however, be reduced by any payment (other than payment for interest) made to the Trustee hereunder.

4. All payments under the Guarantee shall be made free and clear of, and without withholding or deduction for, taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within or on behalf of Switzerland or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Guarantor shall pay such additional amounts as shall result in receipt by the Trustee of such amounts as would have been received by it had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to the Guarantee:

(a) Other connection: to, or a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such payment under the Guarantee by reason of his having some connection with Switzerland other than the holding of the mere benefit under the Guarantee; or

(b) Lawful avoidance of withholding: to, or to a third party on behalf of, a Noteholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where payment under the Guarantee is requested; or

(c) Presentation more than 30 days after the Relevant Date: presented (or in respect of which the certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to such additional amounts on presentation for payment on the 30th such day; or

(d) Payment to individuals: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (the "EU Savings Tax Directive") or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, including the Agreement between the European Community and the Confederation of Switzerland dated as of October 26, 2004 (the "Swiss Savings Tax Agreement") providing for measures equivalent to those laid down in the EU Savings Tax Directive or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, the Swiss Savings Tax Agreement.

As used herein, "Relevant Date" in respect of any payment under the Guarantee means (i) the date on which payment in respect of it first becomes due or (ii) if the full amount payable has not been received by the Principal Paying Agent on or prior to such due date, the date seven days after that on which, the full amount having been so received by the Principal Paying Agent, notice to that effect shall have been given to the Noteholders.

5. This Guarantee is governed by Swiss substantive law. Any legal action or proceeding in respect of this Guarantee shall be brought exclusively before the Courts of the Canton of Zurich, Switzerland, and shall be adjudicated by the Commercial Court of the Canton of Zurich *(Handelsgericht des Kantons Zürich)*.

6. Terms and expressions not otherwise defined in this Guarantee shall have the same meaning as in the Subscription Agreement or the Conditions, as the case may be.

Dated 2009

HOLCIM LTD

By: ________________ By: ________________"

FORM OF GUARANTEE OF THE SERIES B NOTES

For more information, see "Summary — The Offering — Status of each Guarantee."

A Guarantee in respect of the Series B Notes will be executed by the Guarantor on or around September 29, 2009, which shall be in substantially the same form as the Guarantee of the Series A Notes, save that the issuer of the Series B Notes will be Holcim Capital Corporation Ltd. and provided that the amount referred to in paragraph (1) shall be any amount up to U.S.$275,000,000 including principal, interest and all other obligations.

TAX CONSIDERATIONS

The following is a general description of certain Luxembourg, Bermudian, Swiss, United States and European Union tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law in effect on the date of this Offering Memorandum and is subject to any change in law that may take effect after such date.

Luxembourg Taxation

Luxembourg tax residency of the Noteholders

A Noteholder will not become resident, or be deemed to be resident in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Taxation of Luxembourg non-residents

Under the Luxembourg laws dated 21 June 2005 implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("EU"), a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same treatment will apply to payments of interest and other similar income made to certain "residual entities" within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC).

The withholding tax rate is 20 per cent. increasing to 35 per cent. as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Taxation of Luxembourg residents

Interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime) are subject to a 10 per cent. withholding tax (the "**10 per cent. Luxembourg Withholding Tax**").

Taxation of the Noteholders

Taxation of Luxembourg non-residents

Noteholders who are non-residents of Luxembourg and who have neither a permanent establishment, a permanent representative nor a fixed base of business in Luxembourg with which the holding of the Notes is connected are not liable for any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemption or repurchase of the Notes, or realize capital gains on the sale of any Notes.

Taxation of Luxembourg residents

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

Luxembourg resident individuals

Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax (the "10 per cent. Tax") on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an international agreement directly related to the Savings Directive. The 10 per cent. Luxembourg Withholding Tax or the 10 per cent. Tax represents the final tax liability on interest received for the Luxembourg resident individuals receiving the interest payment in the course of their private wealth and can be reduced in consideration of foreign withholding tax, based on double tax treaties concluded by Luxembourg. Individual Luxembourg resident Noteholders receiving the interest as business income must include this interest in their taxable basis; if applicable, the 10 per cent. Luxembourg Withholding Tax levied will be credited against their final income tax liability.

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of the Notes. Upon the sale, redemption or exchange of the Notes, accrued but unpaid interest will be subject to the 10 per cent. Luxembourg Withholding Tax or to the 10 per cent. Tax if the Luxembourg resident individuals opt for the 10 per cent. Tax. Individual Luxembourg resident Noteholders receiving the interest as business income must include the portion of the price corresponding to this interest in their taxable income; the 10 per cent. Luxembourg Withholding Tax levied will be credited against their final income tax liability.

Luxembourg resident companies

Luxembourg resident companies (société de capitaux) Noteholders or foreign entities of the same type which have a permanent establishment or a permanent representative in Luxembourg with which the holding of the Notes is connected, must include in their taxable income any interest (including accrued but unpaid interest) and the difference between the sale or redemption price (received or accrued) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg resident companies benefiting from a special tax regime

Noteholders who are undertakings for collective investment subject to the law of 20 December, 2002 or to the law of 13 February 2007 are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax), other than the subscription tax calculated on their net asset value. This annual tax is paid quarterly on the basis of the total net assets as determined at the end of each quarter. Noteholders who are holding companies subject to the law of 31 July 1929 as repealed or to the law of 11 May 2007 on family estate management companies are also not subject to income tax and are liable only for the so-called subscription tax at the rate of respectively 0.2 per cent. and 0.25 per cent.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a Noteholder, unless (i) such holder is a Luxembourg fully taxable resident company or (ii) such Notes are attributable to an enterprise or part thereof which is carried on through a Luxembourg permanent establishment by a non-resident company.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Notes. Proceedings in a Luxembourg court or the presentation of documents relating to the Notes, other than the Notes themselves, to an "autorité constituée" may require registration of the documents, in which case the documents will be subject to registration duties depending on the nature of the documents. In particular, a loan agreement not represented by the Notes will be subject to an ad valorem registration of 0.24 per cent. of the amounts mentioned therein.

There is no Luxembourg VAT payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes.

No Luxembourg inheritance taxes are levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. No Luxembourg gift tax will be levied on the transfer of the Notes by way of gift unless the gift is registered in Luxembourg.

Bermudian Taxation

HCC has been granted an undertaking by the Minister of Finance at the Government of Bermuda under the Exempted Undertakings Tax Protection Act 1966 which exempts it, its shareholders and Noteholders until March 28, 2016 from any Bermudian tax computed on profits or income or on any capital asset, gain, appreciation or any tax in the nature of estate duty or inheritance tax (apart from the application of any such tax or duties on such persons as are ordinarily resident in Bermuda and apart from taxes on land in Bermuda owned by or leased to HCC).

There is no tax in the nature of withholding tax levied under Bermuda law. HCC is not required by Bermuda law to deduct, nor are holders of Notes of that company responsible for the payment of withholding tax by reference to or in connection with any payment made to holders of those Notes. No stamp duty or transfer tax is payable as a matter of Bermuda law upon the issue or transfer of the Notes.

Swiss Taxation

Withholding Tax

According to the present Swiss law and practice of the Swiss Federal Tax Administration, payments of interest on the Notes and repayment of principal of the Notes by the Relevant Issuer will not be subject to Swiss withholding tax, provided that the Relevant Issuer is not considered Swiss resident for Swiss tax purposes and provided that the Relevant Issuer uses the proceeds from the Offering and sale of the Notes outside Switzerland.

European Directive on the Taxation of Savings Income

According to the agreement between Switzerland and the EU on the taxation of savings income, entered into force on July 1, 2005, Switzerland agreed to introduce a special withholding tax. Interest payments from non-Swiss sources made by a Swiss paying agent to a beneficial owner who is an individual and resident of an EU member state are subject to a withholding tax in Switzerland at a rate of currently 20% on the gross interest amount and of 35% from July 1, 2011. The individual may be entitled to a tax credit or refund of the withholding, provided that he or she is the beneficial owner of the interest payment and certain other conditions are met. The individual has also the option to have the paying agent and Swiss tax authorities provide to the tax authorities of the EU member state the details of the interest payment in lieu of the withholding.

Swiss federal stamp duty

The issue and the redemption of the Notes will not be subject to Swiss federal stamp duty on the issue of securities, provided that the Relevant Issuer is not considered a Swiss resident for Swiss tax purposes and provided that the Relevant Issuer uses the net proceeds from the Offering and sale of such Notes outside Switzerland.

Dealings in Notes with a maturity in excess of 12 months where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss Federal Stamp Duty Act) acts as a party or as an intermediary may be subject to Swiss federal securities turnover stamp tax at a rate of up to 0.3% of such purchase price. Notes issued by non-Swiss issuers are not subject to Swiss federal securities turnover stamp tax where both the seller and the purchaser of the Notes are non-residents of Switzerland or of the Principality of Liechtenstein.

Income Taxation

Non-Swiss resident holders

Under current Swiss law, payments of interest and repayment of principal to a holder of a Note who is a non-resident of Switzerland and who, during the relevant taxation year, has not engaged in trade or business through a permanent establishment within Switzerland and who is not subject to income taxation in Switzerland for any other reason will not be subject to any Swiss federal, cantonal or communal income tax.

Notes held as private assets by Swiss resident holders

Swiss resident holders of Notes who hold Notes which do not qualify as notes with “predominant one-time interest payment” as private assets and who receive payments of interest on Notes are required to include such payments in their personal income tax return and will be taxable on any net taxable income (including the payments of interest on the Notes) for the relevant tax period.

Swiss resident holders of Notes who hold Notes as private assets and who sell or otherwise dispose of the Notes during the taxation year realize, in general, either a tax-free capital gain or a tax-neutral capital loss.

In the case of Notes with “predominant one-time interest payment,” the positive difference (converted into Swiss Francs at the exchange rate prevailing at the time of payment) between the amount received upon sale or redemption and the issue price (if the Notes were purchased at their issuance) or the purchase price (if the Notes were purchased thereafter) will be classified as a taxable interest payment (as opposed to a tax-free capital gain). Some cantons may levy income tax on the positive difference between the redemption price and the issuance price regardless of a higher purchase price. Losses realized on the sale of Notes with a “predominant one-time interest payment” may be offset against gains realized within the same tax period on the sale of any Notes with a “predominant one-time interest payment.”

Notes held as assets of a Swiss business

Swiss resident individual taxpayers who hold Notes as part of Swiss business assets and Swiss-resident corporate taxpayers and corporate taxpayers resident abroad holding Notes as part of Swiss business assets who receive payments of interest on Notes or realize capital gains on Notes are required to report any payments gains on Notes in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period. The same tax treatment also applies to Swiss resident individuals who, for income tax purposes, are classified as “professional securities dealers.”

Certain U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE

IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with Initial Purchasers of Notes at the issue price that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships or their partners should consult their tax advisers concerning the U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

This summary assumes the Notes are properly treated as debt for U.S. federal income tax purposes. Under the regulations, a debt instrument will not generally be subject to special rules that apply to contingent payment debt instruments if the likelihood of contingent payments is either remote or incidental, or if a single payment schedule is significantly more likely than not to occur. It is possible that the existence of the Rate Adjustment may subject a Note to the contingent payment debt instrument rules if the likelihood of such an event is not remote or incidental, or if a single payment schedule is not significantly more likely than not to occur. This summary assumes that the Notes will not be subject to these special rules, although no assurance can be given in this regard.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by the Relevant Issuer on the Notes constitutes income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Substitution of Relevant Issuer

The terms of the Trust Deed provide that, in certain circumstances, the obligations of the Relevant Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Notes. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

Sale and Retirement of the Notes

A U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the tax basis of the Note. A U.S. Holder's tax basis in a Note will generally be the U.S. dollar amount paid for the Note. The amount realized does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Gain or loss recognized by a U.S. Holder on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Backup Withholding and Information Reporting

Payments of principal, interest, and the proceeds of sale or other disposition of Notes by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) generally are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

EU Savings Tax Disclosure

Under the EC Council Directive 2003/48/EC on the taxation of savings income, each member state is required, from July 1, 2005, to provide to the tax authorities of another member state details of payments of interest (or similar income paid by a person within its jurisdiction to) or collected by such a person for, an individual resident or certain limited types of entity established in that other member state. However, for a transitional period, paying agents based in Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting tax at rates rising over time to 35% (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU Countries including Switzerland and territories have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

On November 13, 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on April 24, 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

PLAN OF DISTRIBUTION

Banc of America Securities LLC, located at Bank of America Tower, One Bryant Park, New York, NY 10036, United States of America, Citigroup Global Markets Inc., located at 388 Greenwich Street, New York, NY 10013, United States of America and Deutsche Bank Securities Inc., located at 60 Wall Street, New York, NY 10005, United States of America, are acting as joint book-running managers of the Offering and the Initial Purchasers. Subject to the terms and conditions stated in the subscription agreement dated the date of this Offering Memorandum (the "Subscription Agreement"), the Initial Purchasers have severally agreed to purchase and the Relevant Issuer has agreed to sell to each Initial Purchaser the principal amount of each series of the Notes set out opposite the Initial Purchaser's name in the table below.

	Principal Amount	
Initial Purchasers	**Series A Notes**	**Series B Notes**
Banc of America Securities LLC	U.S.$250,000,000	U.S.$83,334,000
Citigroup Global Markets Inc.	U.S.$250,000,000	U.S.$83,333,000
Deutsche Bank Securities Inc.	U.S.$250,000,000	U.S.$83,333,000
Total	U.S.$750,000,000	U.S.$250,000,000

The Subscription Agreement provides that the obligations of the Initial Purchasers to purchase the Notes of a series are subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers must purchase all the Notes of a series if they purchase any such Notes.

The Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this Offering Memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Transfer Restrictions." The price at which the Notes are offered may be changed at any time without notice.

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In addition, until 40 days after the commencement of this Offering, an offer or sale of Notes within the United States by a dealer that is not participating in this Offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each series of the Notes will constitute a new class of securities with no established trading market. However, the Relevant Issuer cannot assure prospective investors that the prices at which the Notes will sell in the market after this Offering will not be lower than the initial offering price, or that an active trading market for the Notes will develop and continue after this Offering. The Initial Purchasers have advised the Relevant Issuer that they currently intend to make a market in the Notes for a limited time. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, the Relevant Issuer cannot assure prospective investors as to the liquidity of, or the trading market for, the Notes.

The Initial Purchasers expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this Offering Memorandum, which will be the third business day following the date of the pricing of the Notes. The Initial Purchasers have performed commercial banking, investment banking and advisory services for the Group from time to time for which they have received customary fees and reimbursement of expenses. In addition, affiliates of some of the Initial Purchasers are lenders, and in some cases agents or managers for the lenders, under the Group's credit facilities.

The Relevant Issuer and the Guarantor have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of a series of Notes described in this Offering Memorandum may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the Notes that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of Notes of such series may be made to the public in that relevant member state at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined below) subject to obtaining the prior consent of the representative designated in writing to the Guarantor for any such offer; or
- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of Notes described in this Offering Memorandum located within a relevant member state will be deemed to have represented, acknowledged and agreed that (i) it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive and (ii) in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (x) the Notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of each of Banc of America Securities LLC, Citigroup Global Markets Inc., and Deutsche Bank Securities Inc. has been given to the offer or resale; or (y) where Notes have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Directive as having been made to such persons..

For purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

The sellers of the Notes have not authorized and do not authorize the making of any offer of Notes through any financial intermediary on their behalf, other than offers made by the Initial Purchasers with a view to the final placement of the Notes as contemplated in this Offering Memorandum. Accordingly, no purchaser of the Notes, other than the Initial Purchasers, is authorized to make any further offer of the Notes on behalf of the sellers or the Initial Purchasers.

Notice to Prospective Investors in the United Kingdom

This Offering Memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in Switzerland

Each Initial Purchaser has represented and agreed that (a) it has not publicly offered or sold, and will not publicly offer or sell, directly or indirectly, the Notes in Switzerland, as such term is defined or interpreted under the Swiss Code of Obligations ("CO") or the Swiss Federal Act on Collective Investment Schemes ("CISA"); (b) neither this Offering Memorandum nor any documents related to the Notes constitute a prospectus within the meaning of art. 652a or art. 1156 CO or the CISA.

None of the Issuers or any Initial Purchaser has applied for a listing of the Notes on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this Offering Memorandum does not necessarily comply with the information standards set out in the listing rules of SIX Swiss Exchange or any other rules.

In addition, the Notes do not constitute a participation in a collective investment scheme in the meaning of the CISA and they are neither subject to approval nor supervision by the Swiss Federal Banking Commission. Therefore, investors in the Notes do not benefit from protection under the CISA or supervision by the Swiss Federal Banking Commission or any other regulatory authority in Switzerland.

Notice to Prospective Investors in Luxembourg

Each Initial Purchaser has represented, warranted and agreed that in accordance with the provisions of the Luxembourg law of 10 August 1915 on commercial companies, as amended, the Series A Notes will not be offered or sold to the public.

TRANSFER RESTRICTIONS

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold except pursuant to an effective registration statement or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered hereby only (a) in the United States to qualified institutional buyers, or QIBs, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) outside the United States to certain persons other than "U.S. Persons," as such term is defined in, and in reliance upon, Regulation S under the Securities Act.

Each purchaser of the Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to, and agreed with the Initial Purchasers and the Relevant Issuer as follows:

(1) It understands and acknowledges that the Notes have not been registered under the Securities Act or any other applicable securities law, the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and none of the Notes may be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in a transaction not subject thereto and, in each case, in compliance with the conditions for transfer set forth in paragraph (5) below.

(2) It acknowledges that this Offering Memorandum relates to an offering that is exempt from registration under the Securities Act.

(3) It is either:

(a) a QIB and is aware that any sale of the Notes to it will be made in reliance on Rule 144A and represents that such acquisition will be for its own account or for the account of another QIB; or

(b) an institution that, at the time the buy order for the Notes is originated, was outside the United States and was not a U.S. Person (and was not purchasing for the account or benefit of a U.S. Person) within the meaning of Regulation S under the Securities Act (an "Initial Foreign Purchaser").

(4) It acknowledges that neither the Relevant Issuer, the Initial Purchasers nor any person representing the Relevant Issuer or the Initial Purchasers has made any representation to it with respect to the Relevant Issuer or the offering or sale of any Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it. Accordingly, it acknowledges that no representation or warranty is made by the Initial Purchasers as to the accuracy or completeness of such materials. It has had access to such financial and other information as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of and request information from the Relevant Issuer and the Initial Purchasers, and it has received and reviewed all information that was requested.

(5) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any exemption from registration available under the Securities Act. It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer Notes prior to the date which is one year after the later of the date of the original issue of the Notes and the last date on which the Relevant Issuer or any of its affiliates were the owner of such Notes (the "Resale Restriction Termination Date") only, (a) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (b) pursuant to offers and

sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act, (c) to the Relevant Issuer or any of its affiliates, (d) pursuant to a registration statement which has been declared effective under the Securities Act, or (e) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to (i) all applicable requirements under the Trust Deed and (ii) any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. Each purchaser acknowledges that the Relevant Issuer and the trustee under the Trust Deed reserve the right prior to any offer, sale or other transfer pursuant to clause (b) pursuant to offers, sales or other transfers to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act or (e) prior to the Resale Restriction Termination Date of the Notes to require the delivery of certifications and/or other information, and, solely in connection with an offer, sale or other transfer pursuant to clause (e) above, an opinion of counsel, in each case satisfactory to the Relevant Issuer and the trustee.

(6) that each Rule 144A Global Note will contain a legend substantially to the following effect:

THE SECURITY (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE SECURITY EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE ISSUERS THAT, (A) UNTIL ONE YEAR AFTER THE LATER OF THE DATE OF ORIGINAL ISSUE OF THIS SECURITY AND THE LAST DATE ON WHICH THE ISSUERS OR ANY OF THEIR AFFILIATES WERE THE OWNER OF ANY OF THE SECURITIES, SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (2) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) TO THE ISSUERS OR ANY OF THEIR AFFILIATES, (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR (5) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, (B) IN CONNECTION WITH ANY OFFER, SALE OR TRANSFER PURSUANT TO (2) OR (5) ABOVE, SUBJECT TO THE RIGHT OF THE ISSUERS AND TRUSTEE TO REQUEST IN ADVANCE OF ANY OFFER, SALE OR TRANSFER, CERTIFICATIONS AND/OR OTHER INFORMATION, AND SOLELY IN CONNECTION WITH AN OFFER, SALE OR TRANSFER PURSUANT TO (5) ABOVE, AN OPINION OF COUNSEL, IN EACH CASE SATISFACTORY TO THE ISSUERS AND TRUSTEE AND (C) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN CLAUSE (A) AND (B) ABOVE.

(7) If it is (i) a purchaser in a sale that occurs outside the United States within the meaning of Regulation S under the Securities Act, or (ii) a "distributor," "dealer" or person "receiving a selling

concession, fee or other remuneration" in respect of Notes sold, prior to the expiration of the applicable "distribution compliance period" (as defined below), it acknowledges that until the expiration of such "distribution compliance period" any offer or sale of the Notes shall not be made by it to a U.S. Person or for the account or benefit of a U.S. person within the meaning of Rule 902(k) of the Securities Act. The "distribution compliance period" means the 40-day period following the issue date for the Notes.

(8) If it is an Initial Foreign Purchaser, it acknowledges that (a) until the expiration of the "distribution compliance period" described above, it may not, directly or indirectly, offer, resell, pledge or otherwise transfer a Note or any interest therein except to a person who certifies in writing to the applicable transfer agent that such transfer satisfies, as applicable, the requirements of the legends described above and that the Notes will not be accepted for registration of any transfer prior to the end of the applicable "distribution compliance period" unless the transferee has first complied with the certification requirements described in this paragraph and all related requirements under the indenture.

(9) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agrees that if any of the acknowledgments, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Relevant Issuer and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.

GENERAL INFORMATION

(1) Each of the Issuers and the Guarantor have obtained all necessary consents, approvals and authorizations in Luxembourg, Bermuda and Switzerland respectively, in connection with the issue of the Notes and the giving of each Guarantee. The issue of the Series A Notes was authorized by a resolution of the Sole Manager of SCSL on September 21, 2009. The issue of the Series B Notes was authorized by a resolution of the Board of Directors of HCC on January 19, 2009. The giving of each Guarantee was passed by resolutions of the Board of Directors of the Guarantor on January 20, 2009 and August 18, 2009.

(2) Except as disclosed in this Offering Memorandum, there has been no material adverse change in the prospects of the Group since June 30, 2009.

(3) Except as disclosed in this Offering Memorandum, none of the Group companies is involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened in writing of which the Issuers or the Guarantor is aware) during the 12 months preceding the date of this Offering Memorandum which if determined adversely to the Issuers, the Guarantor or any of the Guarantor's other subsidiaries would individually or in the aggregate have a material adverse effect on the financial condition or profitability of the Group.

(4) The Regulation S Global Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following reference number

	ISIN	Common Code
Regulation S Series A Global Note	XS0455643394	045564339
Regulation S Series B Global Note	XS0455643808	045564380

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

(5) The Rule 144A Global Notes have been accepted for clearance through the facilities of DTC, and the Rule 144A Notes are expected to be eligible for trading in the United States under the following reference numbers:

	ISIN	CUSIP	Common Code
Rule 144A Series A Global Note	US43474TAA16	43474TAA1	045551342
Rule 144A Series B Global Note	US43474TAB98	43474TAB9	045555011

The address of DTC is 55 Water Street, New York, New York 10041-0099, United States of America.

(6) Holcim Ltd was registered as a corporation under Swiss law under the name "Holderbank Financière Glaris Ltd." in the register of commerce of the Canton of Glaris, Switzerland, on August 4, 1930 under number 160.3.003.050-5 with unlimited duration.

(7) As at August 31, 2009, the issued share capital of the Guarantor was CHF 654,172,752 and was divided into 327,086,376 registered shares of CHF 2 nominal value each, of which 320,221,174 shares were issued and outstanding and 6,865,202 shares were held as treasury shares.

(8) The yield of the Series A Notes is 6.178% on an annual basis and the yield of the Series B Notes is 7.073% on an annual basis. The yield is calculated as at the Issue Date on the basis of the issue price. It is not an indication of future yield.

(9) The following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection (and, in the case of (v), (vi) and (vii) below, obtainable free of charge upon request) at the specified office of the Principal Paying Agent and the other Paying Agents and Transfer Agents so long as the Notes are listed on the Official List and traded on the Euro MTF Market of the Luxembourg Stock Exchange:

(i) the Agency Agreement in respect of each series of Notes;

(ii) the Trust Deed in respect of each series of Notes;

(iii) the Guarantee of the Series A Notes;

(iv) the Guarantee of the Series B Notes;

(v) the Memorandum of Association, By-Laws and Articles of Association, where applicable, of each of the Relevant Issuers and the Guarantor;

(vi) the most recent annual audited financial statements and any subsequent unaudited interim financial statements of the Guarantor;

(vii) the most recent annual audited financial statements of the Relevant Issuers; and

(viii) a copy of this Offering Memorandum together with any Supplement to this Offering Memorandum or further Offering Memorandum.

This Offering Memorandum will be published on the website of the Luxembourg Stock Exchange at *www.bourse.lu.*

(10) The Issuers do not currently publish interim financial statements or consolidated financial statements. The Guarantor does not currently publish non-consolidated interim financial statements but does currently publish unaudited quarterly consolidated balance sheets and profit and loss accounts.

(11) HCC has been specifically designated as a non-resident of Bermuda for exchange control purposes by the Bermuda Monetary Authority. As such, HCC is free to acquire, hold and sell foreign currency and securities without restriction.

Securities may be offered or sold in Bermuda only in compliance with provisions of the Investment Business Act 2003, and Exchange Control Act 1972, and related regulations of Bermuda which regulate the sale of securities in Bermuda. In addition, specific permission is required from the BMA, pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of securities of Bermuda companies, other than in cases where the BMA has granted a general permission. The BMA in its policy dated June 1, 2005 provides that "general permission is hereby given for the issue and subsequent transfer of any securities, other than an Equity Security, from and/or to a non-resident." Pursuant to the BMA policy, an Equity Security is defined as a share issued by a Bermuda company which entitles the holder to vote for or appoint one or more directors or a security which by its terms is convertible into a share which entitles the holder to vote for or appoint one or more directors. For the avoidance of doubt, the Notes are not considered Equity Securities.

HCC shall, prior to or as soon as reasonably practicable after publication of this Offering Document, file a copy of this Offering Memorandum, signed by or on behalf of all of the directors of the Group, with the Registrar of Companies in Bermuda in accordance with Bermuda law.

(12) The Articles of Incorporation of SCSL were published in the Recueil du Mémorial on March 23, 2006. To date, there have been no amendments.

(13) Ernst & Young S.A. (member of the Luxembourg Institut des Réviseurs d'Entreprises) have audited the accounts of SCSL for the three years ended December 31, 2008, 2007 and 2006. Ernst & Young Ltd. (member of the Institute of Chartered Accountants of Bermuda) have audited the accounts of HCC for the three years ended December 31, 2008, 2007 and 2006.

(14) Ernst & Young Ltd. (member of the *Treuhand-Kammer* — Swiss Institute of Certified Accountants and Tax Consultants) have audited the accounts of the Guarantor for the three years ended December 31, 2008, 2007 and 2006.

INDEX TO THE FINANCIAL STATEMENTS

Holcim Ltd

Unaudited consolidated Financial Statements as at and for the six months ended June 30, 2009 and 2008

Note:

(1) The unaudited consolidated half-year interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting except for the exclusion of quarterly consolidated financial statements as of and for the three-month periods ended June 30, 2009 and 2008.

Holcim Ltd

Consolidated Financial Statements as at and for the years ended December 31, 2008 and 2007

Holcim Ltd

Consolidated Financial Statements as at and for the years ended December 31, 2007 and 2006

Holcim US Finance S.à r.l. & Cie S.C.S.

Financial Statements as at and for the years ended December 31, 2008 and 2007

Holcim US Finance S.à r.l. & Cie S.C.S.

Financial Statements as at and for the years ended December 31, 2007 and 2006

Holcim Capital Corporation Ltd.

Financial Statements as at and for the years ended December 31, 2008 and 2007

Holcim Capital Corporation Ltd.

Financial Statements as at and for the years ended December 31, 2007 and 2006

Consolidated statement of income of Group Holcim

Million CHF	Notes	January–June 2009 Unaudited	January–June 2008 Unaudited	±%
Net sales	5	**10,082**	**12,434**	**–18.9**
Production cost of goods sold		(5,766)	(6,724)	
Gross profit		**4,316**	**5,710**	**–24.4**
Distribution and selling expenses		(2,313)	(2,889)	
Administration expenses		(697)	(857)	
Operating profit		**1,306**	**1,964**	**–33.5**
Other income	7	18	48	
Share of profit of associates		140	100	
Financial income	8	90	92	
Financial expenses	9	(435)	(413)	
Net income before taxes		**1,119**	**1,791**	**–37.5**
Income taxes		(332)	(453)	
Net income		**787**	**1,338**	**–41.2**
Attributable to:				
Equity holders of Holcim Ltd		527	1,066	–50.6
Minority interest		260	272	–4.4
CHF				
Earnings per dividend-bearing share[1]		1.88	3.73	–49.6
Fully diluted earnings per share[1]		1.88	3.73	–49.6

Million CHF				
Operating EBITDA[2]	6	2,143	2,802	–23.5
EBITDA[3]		2,349	2,970	–20.9

[1] EPS calculation based on net income attributable to equity holders of Holcim Ltd weighted by the average number of shares. The weighted average number of shares outstanding was retrospectively increased by 5 percent to reflect the 1:20 ratio of the stock dividend (note 13) and by an additional 3.6 percent to reflect the bonus element for existing shareholders in the rights issue (note 14) for all periods presented.

[2] Operating profit CHF 1,306 million (2008: 1,964) before depreciation, amortization and impairment of operating assets CHF 837 million (2008: 838).

[3] Net income CHF 787 million (2008: 1,338) before interest earned on cash and marketable securities CHF 44 million (2008: 73), financial expenses CHF 435 million (2008: 413), taxes CHF 332 million (2008: 453) and depreciation, amortization and impairment CHF 839 million (2008: 839).

Consolidated statement of comprehensive earnings of Group Holcim

Million CHF	January–June 2009 Unaudited	January–June 2008 Unaudited
Net income	**787**	**1,338**
Other comprehensive earnings		
Currency translation effects	1,012	(2,295)
Available-for-sale securities		
– Change in fair value	(22)	(18)
– Realized gain through statement of income	1	–
– Tax expense	–	–
Cash flow hedges		
– Change in fair value	(20)	(6)
– Realized gain through statement of income	–	–
– Tax expense	–	–
Net investment hedges		
– Change in fair value	(4)	–
– Tax expense	–	–
Other comprehensive earnings[1]	**967**	**(2,319)**
Total comprehensive earnings[2]	**1,754**	**(981)**
Attributable to:		
Equity holders of Holcim Ltd	1,403	(768)
Minority interest	351	(213)

[1] Per half-year interim report 2008: Net loss recognized directly in equity.
[2] Per half-year interim report 2008: Total recognized net income (loss).

Consolidated statement of financial position of Group Holcim

Million CHF	Note	30.6.2009 Unaudited	31.12.2008 Audited	30.6.2008 Unaudited
Cash and cash equivalents		3,680	3,605	3,170
Marketable securities		5	5	12
Accounts receivable		3,825	3,116	4,512
Inventories		2,382	2,482	2,551
Prepaid expenses and other current assets		496	385	668
Assets classified as held for sale		383	401	29[1]
Total current assets		**10,771**	**9,994**	**10,942**
Long-term financial assets		743	715	890
Investments in associates		1,396	1,341	1,359
Property, plant and equipment		24,292	23,262	23,739
Intangible and other assets		10,162	9,613	10,207
Deferred tax assets		316	268	219
Total long-term assets		**36,909**	**35,199**	**36,414**
Total assets		**47,680**	**45,193**	**47,356**
Trade accounts payable		2,033	2,566	2,578
Current financial liabilities		5,732	5,863	5,898
Current tax liabilities		403	349	245
Other current liabilities		1,776	1,734	1,938
Short-term provisions		267	201	227
Liabilities directly associated with assets classified as held for sale		55	52	0
Total current liabilities		**10,266**	**10,765**	**10,886**
Long-term financial liabilities	10	13,996	12,789	12,435
Defined benefit obligations		373	334	396
Deferred tax liabilities		2,210	2,157	2,587
Long-term provisions		1,255	1,174	1,215
Total long-term liabilities		**17,834**	**16,454**	**16,633**
Total liabilities		**28,100**	**27,219**	**27,519**
Share capital	11	554	527	527
Capital surplus		7,423	6,870	6,873
Treasury shares		(397)	(401)	(71)
Reserves		9,159	8,362	9,808
Total equity attributable to shareholders of Holcim Ltd		**16,739**	**15,358**	**17,137**
Minority interest		2,841	2,616	2,700
Total shareholders' equity		**19,580**	**17,974**	**19,837**
Total liabilities and shareholders' equity		**47,680**	**45,193**	**47,356**

[1] Reclassified from prepaid expenses and other current assets.

Statement of changes in consolidated equity of Group Holcim

Million CHF	Share capital	Capital surplus	Treasury shares	Retained earnings
Equity as at December 31, 2007	**527**	**6,879**	**(67)**	**13,263**
Share capital increase				
Dividends				(868)
Change in treasury shares			(6)	1
Share-based remuneration		(6)	2	
Capital paid-in by minorities				
Other movements in minorities				
Total comprehensive earnings[1]				1,066
Equity as at June 30, 2008 (unaudited)	**527**	**6,873**	**(71)**	**13,462**
Equity as at December 31, 2008	**527**	**6,870**	**(401)**	**14,178**
Share capital increase				
Dividends	27	552		(594)
Change in treasury shares			(5)	(12)
Share-based remuneration		1	9	
Capital paid-in by minorities				
Other movements in minorities				
Total comprehensive earnings				527
Equity as at June 30, 2009 (unaudited)	**554**	**7,423**	**(397)**	**14,099**

[1] Per half-year interim report 2008: Total recognized net income (loss).

Available-for-sale equity reserve	Cash flow hedging reserve	Currency translation effects	Total reserves	Total equity attributable to shareholders of Holcim Ltd	Minority interest	Total shareholders' equity
3	**1**	**(1,824)**	**11,443**	**18,782**	**3,163**	**21,945**
			(868)	(868)	(128)	(996)
			1	(5)		(5)
				(4)	1	(3)
					1	1
					(124)	(124)
(17)	(6)	(1,811)	(768)	(768)	(213)	(981)
(14)	**(5)**	**(3,635)**	**9,808**	**17,137**	**2,700**	**19,837**
(3)	**17**	**(5,830)**	**8,362**	**15,358**	**2,616**	**17,974**
			(594)	(15)	(122)	(137)
			(12)	(17)		(17)
				10	1	11
					(5)	(5)
(22)	(20)	918	1,403	1,403	351	1,754
(25)	**(3)**	**(4,912)**	**9,159**	**16,739**	**2,841**	**19,580**

Consolidated statement of cash flows of Group Holcim

Million CHF	Notes	January–June 2009 Unaudited	January–June 2008 Unaudited	±%
Net income before taxes		**1,119**	**1,791**	**–37.5**
Other income		(18)	(48)	
Share of profit of associates		(140)	(100)	
Financial expenses net	8, 9	345	321	
Operating profit		**1,306**	**1,964**	**–33.5**
Depreciation, amortization and impairment of operating assets		837	838	
Other non-cash items		104	(26)	
Change in net working capital		(809)	(1,325)	
Cash generated from operations		**1,438**	**1,451**	**–0.9**
Dividends received		57	23	
Interest received		83	91	
Interest paid		(369)	(401)	
Income taxes paid		(405)	(495)	
Other income (expenses)		1	(5)	
Cash flow from operating activities (A)		**805**	**664**	**+21.2**
Purchase of property, plant and equipment		(1,240)	(1,779)	
Disposal of property, plant and equipment		103	67	
Purchase of financial assets, intangible, other assets and businesses		(672)	(1,185)	
Disposal of financial assets, intangible, other assets and businesses		92	258	
Cash flow used in investing activities (B)		**(1,717)**	**(2,639)**	**+34.9**
Dividends paid on ordinary shares		0	(868)	
Dividends paid to minority shareholders		(100)	(136)	
Capital paid-in by minority interests		0	1	
Movements of treasury shares		(17)	(5)	
Proceeds from current financial liabilities		3,430	2,649	
Repayment of current financial liabilities		(4,585)	(344)	
Proceeds from long-term financial liabilities		5,346	2,760	
Repayment of long-term financial liabilities		(3,489)	(1,972)	
Cash flow from (used in) financing activities (C)		**585**	**2,085**	**–71.9**
(De)Increase in cash and cash equivalents (A+B+C)		**(327)**	**110**	
Cash and cash equivalents as at the beginning of the period		**3,611**	**3,345**	
(De)Increase in cash and cash equivalents		(327)	110	
Currency translation effects		128	(285)	
Cash and cash equivalents as at the end of the period		**3,412**[1]	**3,170**	

[1] Cash and cash equivalents at the end of the period include bank overdrafts of CHF 273 million, disclosed in current financial liabilities, and CHF 5 million, disclosed in assets classified as held for sale.

1 Basis of preparation

The unaudited consolidated half-year interim financial statements (hereafter "interim financial statements") are prepared in accordance with IAS 34 *Interim Financial Reporting* except for the exclusion of quarterly consolidated financial statements as of and for the three-month periods ended June 30,2009 and 2008. The accounting policies used in the preparation and presentation of the interim financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2008 (hereafter "annual financial state-ments") except for the adoption of IAS 1 (revised) *Presentation of Financial Statements* and IFRS 8 *Operating Segments*. The revised IAS 1 and the new IFRS 8 are presentation and disclosure-related only. The interim financial statements should be read in conjunction with the annual financial statements as they provide an update of previously reported information.

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate during the period in which the circumstances change.

In the context of the current economic environment, Holcim assessed whether there are any indications of impairment relating to goodwill allocated to the respective group of cash generating units. Based on this review, Holcim concluded that there is no need for goodwill impairment as at June 30, 2009.

2 Changes in the scope of consolidation

On January 23, 2008, **Egyptian Cement Company** was deconsolidated and recognized as an investment in associate.

At December 31, 2008, **Holcim Venezuela** was deconsolidated and classified as assets held for sale.

On March 20, 2009, Holcim initiated international arbitration proceedings against the Republic of Venezuela in order to seek full compensation for the nationalization of its subsidiary, Holcim Venezuela, by the Venezuelan government. On April 10, 2009, the International Centre for Settlement of Investment Disputes (ICSID) registered Holcim's request for arbitration.

On April 1, 2009, **United Cement Company of Nigeria Ltd** was deconsolidated as joint control ceased and recognized as an investment in associate as a result of retaining significant influence. The impact of the above resulted in Group Holcim derecognizing its proportionate interest of total assets and liabilities amounting to CHF 476 million and CHF 533 million respectively and the recognition of an investment in an associate at zero cost.

3 Seasonality

Demand for cement, aggregates and other construction materials and services is seasonal because climatic conditions affect the level of activity in the construction sector.

Holcim usually experiences a reduction in sales during the first and fourth quarters reflecting the effect of the winter season in its principal markets in Europe and North America and tends to see an increase in sales in the second and third quarters reflecting the effect of the summer season. This effect can be particularly pronounced in harsh winters.

4 Segment information

Information by region	Europe		North America		Latin America		Africa Middle East		Asia Pacific		Corporate/ Eliminations		Total Group	
January–June (unaudited)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Capacity and sales														
Million t														
Production capacity cement[1]	49.4	47.4	18.3	21.3	31.2	31.9	10.9	11.1	82.7	82.7			192.5	194.4
Sales of cement	13.0	17.1	5.0	6.7	11.2	13.7	4.5	4.8	34.1	33.5	(2.7)	(3.3)	65.1	72.5
Sales of mineral components	0.7	1.1	0.6	0.8					0.2	0.3			1.5	2.2
Sales of aggregates	38.0	48.7	15.3	20.9	5.9	6.6	1.2	1.2	2.1	2.3			62.5	79.7
Sales of asphalt	2.7	3.2	1.6	2.5				0.1					4.3	5.8
Million m^3														
Sales of ready-mix concrete	8.3	10.3	2.3	3.2	4.9	6.0	0.6	0.6	3.2	3.5			19.3	23.6
Statement of income and statement of financial position														
Million CHF														
Net sales to external customers	3,558	5,054	1,445	1,857	1,654	2,016	616	646	2,809	2,861			10,082	12,434
Net sales to other segments	45	90			20	37	2	6	270	228	(337)	(361)		
Total net sales	3,603	5,144	1,445	1,857	1,674	2,053	618	652	3,079	3,089	(337)	(361)	10,082	12,434
Operating EBITDA[2]	559	1,115	85	199	543	607	186	206	873	783	(103)	(108)	2,143	2,802
Operating EBITDA margin in %	15.5	21.7	5.9	10.7	32.4	29.6	30.1	31.6	28.4	25.3			21.3	22.5
Operating profit (loss)	224	798	(74)	46	445	495	158	178	670	561	(117)	(114)	1,306	1,964
Operating profit margin in %	6.2	15.5	(5.1)	2.5	26.6	24.1	25.6	27.3	21.8	18.2			13.0	15.8
Net operating assets[1]	11,139	10,042	6,444	6,045	3,973	3,728	892	861	7,465	7,254	317	375	30,230	28,305
Total assets[1]	18,041	15,302	9,793	9,187	5,541	5,257	1,444	1,878	10,999	11,219	1,862	2,350	47,680	45,193

Information by product	Cement[3]		Aggregates		Other construction materials and services		Corporate/ Eliminations		Total Group	
January–June (unaudited)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Statement of income and statement of financial position										
Million CHF										
Net sales to external customers	6,311	7,448	611	835	3,160	4,151			10,082	12,434
Net sales to other segments	551	669	315	383	247	318	(1,113)	(1,370)		
Total net sales	6,862	8,117	926	1,218	3,407	4,469	(1,113)	(1,370)	10,082	12,434
Operating EBITDA[2]	1,906	2,375	156	229	81	198			2,143	2,802
Operating EBITDA margin in %	27.8	29.3	16.8	18.8	2.4	4.4			21.3	22.5
Net operating assets[1]	19,415	18,450	6,222	5,714	4,593	4,141			30,230	28,305

[1] Prior-year figures as of December 31, 2008.
[2] Operating profit before depreciation, amortization and impairment of operating assets.
[3] Cement, clinker and other cementitious materials.

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5 Change in consolidated net sales

Million CHF	January–June 2009	January–June 2008
Volume and price	(1,388)	1,051
Change in structure	(52)	(395)
Currency translation effects	(912)	(1,224)
Total	**(2,352)**	**(568)**

6 Change in consolidated operating EBITDA

Million CHF	January–June 2009	January–June 2008
Volume, price and cost	(403)	(29)
Change in structure	(54)	(210)
Currency translation effects	(202)	(283)
Total	**(659)**	**(522)**

7 Other income

Million CHF	January–June 2009	January–June 2008
Dividends earned	2	4
Other ordinary income	18	45
Depreciation, amortization and impairment of non-operating assets	(2)	(1)
Total	**18**	**48**

8 Financial income

Million CHF	January–June 2009	January–June 2008
Interest earned on cash and marketable securities	44	73
Other financial income	46	19
Total	**90**	**92**

The position "other financial income" relates primarily to income from loans and receivables.

9 Financial expenses

Million CHF	January–June 2009	January–June 2008
Interest expenses	(372)	(410)
Fair value changes on financial instruments	0	(1)
Amortized discounts on bonds and private placements	(1)	(1)
Other financial expenses	(51)	(36)
Foreign exchange (loss) gain net	(78)	(2)
Financial expenses capitalized	67	37
Total	**(435)**	**(413)**

The positions "interest expenses" and "other financial expenses" relate primarily to financial liabilities measured at amortized cost.

The position "financial expenses capitalized" comprises interest expenditures on large-scale projects during the reporting period.

10 Bonds

On March 26, 2009, Holcim Finance (Luxembourg) S.A. issued a 5-year EUR 500 million bond with a coupon of 9 percent guaranteed by Holcim Ltd. The proceeds were used to refinance existing debt and for general corporate purposes. On April 8, 2009, Holcim Finance (Luxembourg) S.A. increased this bond transaction by raising additional EUR 150 million with a coupon of 9 percent and a yield of 8.3 percent (issue price of 102.8 percent).

On April 24, 2009, Holcim GB Finance Ltd. issued an 8-year GBP 300 million bond with a coupon of 8.75 percent guaranteed by Holcim Ltd. The proceeds were used to refinance the GBP 200 million bond of Aggregate Industries Holdings Limited maturing in July 2009 and for general corporate purposes.

On June 16, 2009, the proportionately consolidated Siam City Cement (Public) Company Limited issued a 4-year THB 4 billion bond with a coupon of 4.5 percent.

11 Share capital increase

The annual general meeting of shareholders of May 7, 2009 approved a CHF 26,358,610 capital increase (5 percent of the previous share capital) through the issuance of 13,179,305 fully paid-in registered shares with a par value of CHF 2. The new shares were paid by the conversion of freely disposable equity capital into share capital. The new Holcim shares were paid as a stock dividend at a ratio of 1:20 to the shareholders of Holcim Ltd (note 13).

12 Contingencies and commitments

There have been no significant changes for contingencies.

With respect to the financing of AfriSam, Holcim subscribed to loan notes in the amount of ZAR 2.6 billion (CHF 294 million) during the reporting period. With this subscription, Holcim has substantially fulfilled its commitments relating to the financing of AfriSam.

On June 15, 2009, Holcim and Cemex España S.A. entered into a share purchase agreement relating to the sale of 100 percent of the share capital of Cemex Australia Holdings Pty Ltd including the 25 percent stake in Cement Australia for a total consideration of AUD 2,020 million (CHF 1,778).

Holcim has agreed to subscribe to a private placement issued by its associated company Huaxin Cement Co. Ltd. amounting to CNY 1.6 billion (CHF 252 million) and so confirms its commitment to further deepen the strategic relationship with Huaxin.

13 Dividends

In conformity with the decision taken at the annual general meeting on May 7, 2009, a stock dividend related to 2008 of CHF 2.25 per registered share has been paid. This resulted in a total stock dividend payment of CHF 594 million (note 11).

14 Events after the reporting period

On July 8, 2009, the extraordinary shareholders' meeting of Holcim Ltd resolved to increase the company's share capital through a rights issue from CHF 553,530,790 to CHF 654,172,752 by issuing 50,320,981 fully paid-in registered shares with a par value of CHF 2 each. The subscription price for the new registered shares was CHF 42, which corresponded to gross proceeds of CHF 2.1 billion. The cash proceeds are intended to be used to finance the acquisition of Cemex Australia Holdings Pty Ltd, which is expected to be completed in the second half of 2009, and also to affirm its strategic partnership in China through the participation in the planned private placement of Huaxin Cement. The new registered shares were listed on July 20, 2009 under the Main Standard of the SIX Swiss Exchange.

On July 9, 2009, Holcim Ltd issued a CHF 1 billion bond with a coupon of 4 percent and a tenor of 4 years and 5 months. The proceeds were used to refinance existing debt and for general corporate purposes.

On July 27, 2009, Holcim Finance (Luxembourg) S.A. issued a private placement of EUR 200 million with a coupon of 6.35 percent and a tenor of 8 years and 4 months, guaranteed by Holcim Ltd. The proceeds were used to refinance existing debt and for general corporate purposes.

On August 7, 2009, Holcim Finance (Australia) Pty Ltd issued an AUD 500 million bond with a coupon of 8.5 percent and a tenor of 3 years, guaranteed by Holcim Ltd. The proceeds were used to refinance existing debt and for general corporate purposes.

15 Principal exchange rates

	Income statement Average exchange rates in CHF January–June			Balance sheet Closing exchange rates in CHF		
	2009	2008	±%	30.6.2009	31.12.2008	30.6.2008
1 EUR	1.50	1.60	–6.3	1.52	1.49	1.61
1 GBP	1.69	2.06	–18.0	1.81	1.53	2.03
1 USD	1.13	1.04	+8.7	1.08	1.06	1.02
1 CAD	0.94	1.04	–9.6	0.94	0.87	1.01
100 MXN	8.13	9.85	–17.5	8.21	7.68	9.89
100 INR	2.29	2.56	–10.5	2.26	2.18	2.37
100 THB	3.21	3.22	–0.3	3.16	3.02	3.02
1,000 IDR	0.10	0.11	–9.1	0.11	0.10	0.11
100 PHP	2.36	2.48	–4.8	2.24	2.25	2.26
1 AUD	0.80	0.97	–17.5	0.88	0.73	0.98

Holcim securities

The Holcim shares (security code number 1221405) are listed on the SIX Swiss Exchange and traded on the Main Standard of SIX Swiss Exchange. Telekurs lists the registered share under HOLN. The corresponding code under Bloomberg is HOLN VX, while Thomson Reuters uses the abbreviation HOLN.VX. Every share carries one vote. The market capitalization of Holcim Ltd amounted to CHF 17.1 billion at June 30, 2009.

Cautionary statement regarding forward-looking statements

This document may contain certain forward-looking statements relating to the Group's future business, development and economic performance.

Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this document.

Holcim assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

Financial reporting calendar	
Press and analyst conference for the third quarter 2009	November 11, 2009
Press and analyst conference on annual results for 2009	March 3, 2010
Results for the first quarter 2010	May 5, 2010
General meeting of shareholders	May 6, 2010
Half-year results for 2010	August 19, 2010
Press and analyst conference for the third quarter 2010	November 10, 2010

Consolidated statement of income of Group Holcim

Million CHF	Notes	2008	2007	±%
Net sales	5	**25,157**	**27,052**	**–7.0**
Production cost of goods sold	6	(14,116)	(14,073)	
Gross profit		**11,041**	**12,979**	**–14.9**
Distribution and selling expenses	7	(5,921)	(6,150)	
Administration expenses		(1,760)	(1,805)	
Operating profit		**3,360**	**5,024**	**–33.1**
Other income	10	19	1,242	
Share of profit of associates	21	229	259	
Financial income	11	271	227	
Financial expenses	12	(990)	(1,006)	
Net income before taxes		**2,889**	**5,746**	**–49.7**
Income taxes	13	(663)	(1,201)	
Net income		**2,226**	**4,545**	**–51.0**
Attributable to:				
Equity holders of Holcim Ltd		1,782	3,865	–53.9
Minority interest		444	680	–34.7
CHF				
Earnings per dividend-bearing share[1]	15	6.82	14.86	–54.1
Fully diluted earnings per share[1]	15	6.81	14.73	–53.8

Million CHF				
Operating EBITDA[2]	9	5,333	6,930	–23.0
EBITDA[3]		5,708	8,468	–32.6

[1] EPS calculation based on net income attributable to equity holders of Holcim Ltd weighted by the average number of shares.
[2] Operating profit CHF 3,360 million (2007: 5,024) before depreciation, amortization and impairment of operating assets CHF 1,973 million (2007: 1,906).
[3] Net income CHF 2,226 million (2007: 4,545) before interest earned on cash and marketable securities CHF 156 million (2007: 203), financial expenses CHF 990 million (2007: 1,006), taxes CHF 663 million (2007: 1,201) and depreciation, amortization and impairment CHF 1,985 million (2007: 1,919).

Consolidated balance sheet of Group Holcim

Million CHF	Notes	31.12.2008	31.12.2007
Cash and cash equivalents	16	3,605	3,345
Marketable securities		5	27
Accounts receivable	17	3,116	4,073
Inventories	18	2,482	2,535
Prepaid expenses and other current assets		385	348
Assets classified as held for sale	19	401	44[1]
Total current assets		**9,994**	**10,372**
Long-term financial assets	20	715	639
Investments in associates	21	1,341	809
Property, plant and equipment	23	23,262	25,011
Intangible and other assets	24	9,613	11,076
Deferred tax assets	30	268	304
Total long-term assets		**35,199**	**37,839**
Total assets		**45,193**	**48,211**
Trade accounts payable	26	2,566	2,924
Current financial liabilities	27	5,863	3,616
Current tax liabilities		349	332
Other current liabilities		1,734	1,961
Short-term provisions	31	201	192
Liabilities directly associated with assets classified as held for sale	19	52	0
Total current liabilities		**10,765**	**9,025**
Long-term financial liabilities	28	12,789	12,629
Defined benefit obligations	32	334	416
Deferred tax liabilities	30	2,157	2,900
Long-term provisions	31	1,174	1,296
Total long-term liabilities		**16,454**	**17,241**
Total liabilities		**27,219**	**26,266**
Share capital	35	527	527
Capital surplus		6,870	6,879
Treasury shares	35	(401)	(67)
Reserves		8,362	11,443
Total equity attributable to shareholders of Holcim Ltd		**15,358**	**18,782**
Minority interest		2,616	3,163
Total shareholders' equity		**17,974**	**21,945**
Total liabilities and shareholders' equity		**45,193**	**48,211**

[1] Reclassified from prepaid expenses and other current assets.

Statement of changes in consolidated equity of Group Holcim

Million CHF	Share capital	Capital surplus	Treasury shares
Equity as at December 31, 2006	**511**	**6,085**	**(62)**
Currency translation effects			
Taxes related to equity items			
Change in fair value			
– Available-for-sale securities			
– Cash flow hedges			
– Net investment hedges			
Realized gain (loss) through income statement			
– Available-for-sale securities			
– Cash flow hedges			
Net income (loss) recognized directly in equity			
Net income recognized in consolidated statement of income			
Total recognized net income			
Share capital increase			
Conversion of convertible bonds	16	792	
Dividends			
Change in treasury shares			(18)
Share-based remuneration		2	13
Capital repaid to minorities			
New minorities assumed			
Buyout of minorities			
Total of other equity movements	**16**	**794**	**(5)**
Equity as at December 31, 2007	**527**	**6,879**	**(67)**
Equity as at December 31, 2007	**527**	**6,879**	**(67)**
Currency translation effects			
Taxes related to equity items			
Change in fair value			
– Available-for-sale securities			
– Cash flow hedges			
– Net investment hedges			
Realized gain (loss) through income statement			
– Available-for-sale securities			
– Cash flow hedges			
Net income (loss) recognized directly in equity			
Net income recognized in consolidated statement of income			
Total recognized net income			
Share capital increase			
Conversion of convertible bonds			
Dividends			
Change in treasury shares			(350)
Share-based remuneration		(9)	16
Capital paid-in by minorities			
New minorities assumed			
Buyout of minorities			
Total of other equity movements		**(9)**	**(334)**
Equity as at December 31, 2008	**527**	**6,870**	**(401)**

	Attributable to equity holders of Holcim Ltd					Minority interest	Total shareholders' equity
	Retained earnings	Available-for-sale equity reserve	Cash flow hedging reserve	Currency translation effects	Total reserves		
	9,914	**3**	**(5)**	**(1,269)**	**8,643**	**3,548**	**18,725**
				(555)	(555)	105	(450)
			6		6		6
			6	(555)	(549)	105	(444)
	3,865				3,865	680	4,545
	3,865		**6**	**(555)**	**3,316**	**785**	**4,101**
							808
	(522)				(522)	(332)	(854)
	6				6		(12)
							15
						(11)	(11)
						(74)	(74)
						(753)	(753)
	(516)				**(516)**	**(1,170)**	**(881)**
	13,263	**3**	**1**	**(1,824)**	**11,443**	**3,163**	**21,945**
	13,263	**3**	**1**	**(1,824)**	**11,443**	**3,163**	**21,945**
				(4,006)	(4,006)	(681)	(4,687)
		(6)			(6)		(6)
			16		16		16
		(6)	16	(4,006)	(3,996)	(681)	(4,677)
	1,782				1,782	444	2,226
	1,782	**(6)**	**16**	**(4,006)**	**(2,214)**	**(237)**	**(2,451)**
	(868)				(868)	(217)	(1,085)
	1				1		(349)
						1	8
						2	2
						(1)	(1)
						(95)	(95)
	(867)				**(867)**	**(310)**	**(1,520)**
	14,178	**(3)**	**17**	**(5,830)**	**8,362**	**2,616**	**17,974**

Consolidated cash flow statement of Group Holcim

Million CHF	Notes	2008	2007
Net income before taxes		**2,889**	**5,746**
Other income		(19)	(1,242)
Share of profit of associates	21	(229)	(259)
Financial expenses net	11,12	719	779
Operating profit		**3,360**	**5,024**
Depreciation, amortization and impairment of operating assets	8	1,973	1,906
Other non-cash items		265	187
Change in net working capital		(603)	(92)
Cash generated from operations		**4,995**	**7,025**
Dividends received		206	233
Interest received		284	234
Interest paid		(861)	(972)
Income taxes paid		(877)	(1,144)
Other expenses		(44)	(53)
Cash flow from operating activities (A)		**3,703**	**5,323**
Purchase of property, plant and equipment	38	(4,518)	(3,629)
Disposal of property, plant and equipment	38	127	341
Purchase of financial assets, intangible, other assets and businesses	38	(1,886)	(3,181)
Disposal of financial assets, intangible, other assets and businesses	38	802	904
Cash flow used in investing activities (B)		**(5,475)**	**(5,565)**
Dividends paid on ordinary shares		(868)	(522)
Dividends paid to minority shareholders		(237)	(350)
Capital increase		0	(8)
Capital paid-in by (repaid to) minority interests		2	(11)
Movements of treasury shares net		(349)	(12)
Increase in current financial liabilities net		2,119	406
Proceeds from long-term financial liabilities		8,580	5,314
Repayment of long-term financial liabilities		(6,580)	(4,427)
Cash flow from financing activities (C)		**2,667**	**390**
Increase in cash and cash equivalents (A+B+C)		**895**	**148**
Cash and cash equivalents as at January 1	16	**3,345**	**3,208**
Increase in cash and cash equivalents		895	148
Currency translation effects		(629)	(11)
Cash and cash equivalents as at December 31	16	**3,611**	**3,345**

The conversions of the convertible bonds are disclosed in note 35. In 2007, the position capital increase includes the costs for the conversions of the convertible bonds.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Adoption of revised and new International Financial Reporting Standards and new interpretations

In 2008, Group Holcim adopted the following new interpretations relevant to the Group which became effective from January 1, 2008:

IFRIC 11	*IFRS 2 – Group and Treasury Share Transactions*
IFRIC 14	*IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The effect of applying IFRIC 11 and IFRIC 14 had no material impact on the Group.

In 2009, Group Holcim will adopt the following new and revised standards and interpretations relevant to the Group:

IAS 1 (revised)	*Presentation of Financial Statements*
IAS 23 (amended)	*Borrowing Costs*
IFRS 2 (amended)	*Share-based Payment*
IFRS 8	*Operating Segments*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*
Improvements to IFRSs	*Clarifications of existing IFRSs*

The revised IAS 1 and the new IFRS 8 are presentation and disclosure related only. The amendment to IAS 23 will have no impact on the consolidated financial statements as the accounting policy already specify capitalization of attributable interest costs. The amendment to IFRS 2 clarifies that vesting conditions are either service conditions or performance conditions. IFRIC 16 provides guidance in respect of hedges of foreign currency risks on net investments in foreign operations. The amendments will have no material impact on the Group. The improvements to IFRSs relate largely to clarification issues only. Therefore, the effect of applying these amendments will have no material impact on the Group's financial statements.

In 2010, Group Holcim will adopt the following revised standards relevant to the Group:

IAS 27 (revised)	*Consolidated and Separate Financial Statements*
IFRS 3 (revised)	*Business Combinations*

According to IAS 27 (revised), changes in the ownership interest of a subsidiary that do not result in a loss of control will be accounted for as an equity transaction. The amendment to IFRS 3 (revised) introduces several changes such as the choice to measure a non-controlling interest in the acquiree either at fair value or at its proportionate interest in the acquiree's identifiable net assets, the accounting for step acquisitions requiring the remeasurement of a previously held interest to fair value through profit or loss as well as the expensing of acquisition costs directly to the income statement.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates.

Critical estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate primarily to goodwill, and to a lesser extent defined benefit obligations, deferred tax assets, long-term provisions, depreciation of property, plant and equipment and disclosure of contingent liabilities at the balance sheet date. The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on plan assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty (note 32). The Group tests annually whether goodwill has suffered any impairment in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 24). All other estimates mentioned above are further detailed in the corresponding disclosures.

Scope of consolidation

The consolidated financial statements comprise those of Holcim Ltd and of its subsidiaries, including joint ventures. The list of principal companies is presented in the section "Principal companies of the Holcim Group".

Principles of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions and balances between Group companies are eliminated.

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the minority shareholders both as part of and outside a business combination. In such cases, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the minority interest recognized as goodwill. To the extent that the Group has a present ownership interest, no earnings are attributed to minority interests. The financial liability is subsequently measured at amortized cost. Effects of changes in expected cash flows are charged against goodwill.

The Group's interest in jointly controlled entities is consolidated using the proportionate method of consolidation. Under this method, the Group records its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows in the consolidated financial statements on a line-by-line basis. All transactions and balances between the Group and joint ventures are eliminated to the extent of the Group's interest in the joint ventures.

Investments in associated companies are accounted for using the equity method of accounting. These are companies over which the Group generally holds between 20 and 50 percent of the voting rights and has significant influence but does not exercise control. Goodwill arising on the acquisition is included in the carrying amount of the investment in associated companies. Equity accounting is discontinued when the carrying amount of the investment together with any long-term interest in an associated company reaches zero, unless the Group has in addition either incurred or guaranteed additional obligations in respect of the associated company.

Foreign currency translation

Income statements of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and balance sheets are translated at exchange rates ruling on December 31.

Goodwill arising on the acquisition of a foreign entity is expressed in the functional currency of the foreign operation and is translated at the closing rate.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Exchange differences arising on monetary items that form part of an entity's net investment in a foreign operation are reclassified to equity (currency translation adjustment) in the consolidated financial statements and are only released to the income statement on the disposal of the foreign operation. The individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Segment information
Segment information is presented in respect of the Group's geographical and business segments.

The primary segment reporting format, which reflects the management organization, is presented by geographical area, based on the location of assets.

Secondary information is reported by business segments and is defined as strategic activities focusing on the delivery of a range of products or services to create value for customers. The segmentation comprises cement, aggregates and other construction materials and services.

Transfer prices between business segments are set on an arms-length basis in a manner similar to transactions with third parties. Segment revenue and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Cash and cash equivalents
Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term highly liquid investments, net of bank overdrafts.

Marketable securities
Marketable securities consist primarily of debt and equity securities which are traded in liquid markets and are classified as available-for-sale. They are carried at fair value with all fair value changes recorded in equity until the financial asset is either impaired or disposed of at which time the cumulative gain or loss previously recognized in equity is transferred to the income statement.

Accounts receivable
Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials and additives, direct labor, other direct costs and related production overheads. Cost of inventories includes transfers from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

Financial assets
Financial assets consist of (a) investments in third parties, (b) long-term receivables from associates, (c) long-term receivables from third parties, and (d) long-term derivative assets. Investments in third parties are classified as available-for-sale and long-term receivables from associates and third parties are classified as loans and receivables. Long-term derivative assets are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurement*, in which case they will be classified as held for trading.

All purchases and sales of investments are recognized on trade date, which is the date that the Group commits to purchase or sell the asset. Purchase cost includes transaction costs, except for derivative instruments. Loans and receivables are measured at amortized cost. Available-for-sale investments are carried at fair value, while held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale investments are included in equity until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in equity is transferred to the income statement.

Property, plant and equipment
Property, plant and equipment is valued at acquisition or construction cost less depreciation and impairment loss. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Land	No depreciation except on land with raw material reserves
Buildings and installations	20 to 40 years
Machinery	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Group in future periods and the cost of the item can be measured reliably. Costs include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. All other repairs and maintenance expenses are charged to the income statement during the period in which they are incurred.

Mineral reserves, which are included in the class "land" of property, plant and equipment, are valued at cost and are depreciated based on the physical unit-of-production method over their estimated commercial lives.

Costs incurred to gain access to mineral reserves are capitalized and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves.

Interest cost on borrowings to finance construction projects which last longer than one year are capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Government grants received are deducted from property, plant and equipment and reduce the depreciation charge accordingly.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is capitalized at the date of inception of the lease at the present value of the minimum future lease payments. The corresponding lease obligations, excluding finance charges, are included in either current or long-term financial liabilities.

For sale and lease-back transactions, the book value of the related property, plant or equipment remains unchanged. Proceeds from a sale are included as a financing liability and the financing costs are allocated over the term of the lease in such a manner that the costs are reported over the relevant periods.

Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries and interests in joint ventures is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill that is recognized as an intangible asset is tested annually for impairment and carried at cost less accumulated impairment losses.

On disposal of a subsidiary, associate or joint venture, the related goodwill is included in the determination of profit or loss on disposal.

Goodwill on acquisitions of subsidiaries and interests in joint ventures is allocated to cash generating units for the purpose of impairment testing (note 24). Impairment losses relating to goodwill cannot be reversed in future periods.

In the event that Holcim acquires a minority interest in a subsidiary, goodwill is measured at cost, which represents the excess of the purchase consideration given over Holcim's additional interest in the book value of the net assets acquired.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Computer software

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and which will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are capitalized and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years.

Other intangible assets
Expenditure on acquired patents, trademarks and licenses is capitalized and amortized using the straight-line method over their estimated useful lives, but not exceeding 20 years.

Impairment of non-financial assets
At each balance sheet date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Group estimates the recoverable amount of the smallest cash generating unit to which the non-financial asset belongs.

If the recoverable amount of a non-financial asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset or cash generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for that non-financial asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the income statement.

Impairment of financial assets
At each balance sheet date, the Group assesses whether there is any indication that a financial asset may be impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the origial effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any reversal of an impairment loss is recognized in profit or loss.

An impairment loss in respect of an available-for-sale financial asset is recognized in the income statement and is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. Reversals of impairment losses on equity instruments classified as available-for-sale are recognized directly in equity and not in the income statement while reversals of impairment losses on debt instruments are recognized in profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the income statement.

In relation to accounts receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

Long-term financial liabilities
Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the term of the borrowings.

Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option which is recognized and included in shareholders' equity; the value of the conversion option is not changed in subsequent periods.

Long-term derivative liabilities are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurement*, in which case they will be classified as held for trading.

Financial liabilities that are due within 12 months after the balance sheet date are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until more than 12 months after the balance sheet date.

Deferred taxes
Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantially enacted by the balance sheet date are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences or unused tax losses can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures except where the Group is able to control the distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future.

Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is treated accordingly.

Site restoration and other environmental provisions
The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage is recorded through operating costs over the life of the site to reflect the best estimate of the expenditure required to settle the obligation at balance sheet date. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to, or deducted from, the cost of the related asset as appropriate in the current period. All provisions are discounted to their present value based on a long-term borrowing rate.

Emission rights
The initial allocation of emission rights granted is recognized at nominal amount (nil value). Where a Group company has emissions in excess of the emission rights granted, it will recognize a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not intend to speculate with these in the open market.

Other provisions
A provision is recognized when there exists a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Employee benefits – Defined benefit plans
Some Group companies provide defined benefit pension plans for employees. Professionally qualified independent actuaries value the funds on a regular basis. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs.

Actuarial gains or losses are amortized based on the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized net actuarial losses and past service costs.

Employee benefits – Defined contribution plans
In addition to the defined benefit plans described above, some Group companies sponsor defined contribution plans based on local practices and regulations. The Group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

Employee benefits – Other long-term employment benefits
Other long-term employment benefits include long-service leave or sabbatical leave, medical aid, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the year end, profit sharing, variable and deferred compensation.

The measurement of these obligations differs from defined benefit plans in that all actuarial gains and losses are recognized immediately and no corridor approach is applied.

Employee benefits – Equity compensation plans
The Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The amounts are charged to the income statement over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting (note 33).

Minority interests
Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet.

Revenue recognition
Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery has taken place and the transfer of risks and rewards of ownership has been completed.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive payment is established.

Certain activities of the Group are construction contract driven. Consequently, contract revenue and contract costs are recognized in the income statement on the percentage of completion method, with the stage of completion being measured by reference to actual work performed to date.

Contingent liabilities
Contingent liabilities arise from conditions or situations where the outcome depends on future events. They are disclosed in the notes to the financial statements.

Financial instruments
Information about accounting for derivative financial instruments and hedging activities is included in the section "Risk management".

Risk management

Business Risk Management

Business Risk Management supports the Executive Committee and the management teams of the Group companies in their strategic decisions. Business Risk Management aims to systematically recognize major risks facing the company. Potential risks are identified and evaluated at an early stage and constantly monitored. Countermeasures are then proposed and implemented at the appropriate level. All types of risk, from market, operations, finance and legal up to the external business environment, are considered including compliance and reputational aspects.

In addition to the Group companies, the Executive Committee and the Board of Directors are also involved in the assessment. The Group's risk profile is assessed from a variety of top-down and bottom-up angles. The Executive Committee reports regularly to the Board of Directors on important risk analysis findings and provides updates on the measures taken.

Financial risk factors – General risk management approach

The Group's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. Therefore, the Group does not enter into derivative or other financial transactions which are unrelated to its operating business. As such, a risk-averse approach is pursued.

Financial risk management within the Group is governed by policies approved by Group management. It provides principles for overall risk management as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing excess liquidity.

Financial risk factors – Market risk

Holcim is exposed to market risk, primarily relating to foreign exchange and interest rate risk. Management actively monitors these exposures. To manage the volatility relating to these exposures, Holcim enters into a variety of derivative financial instruments. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk. To manage liquid funds, it might write call options on assets it has or it might write put options on positions it wants to acquire and has the liquidity to acquire. Holcim, therefore, expects that any loss in value of those instruments generally would be offset by increases in the value of the underlying transactions.

Financial risk factors – Liquidity risk

Group companies need a sufficient availability of cash to meet their obligations. Individual companies are responsible for their own cash surpluses and the raising of loans to cover cash deficits, subject to guidance by the Group and, in certain cases, for approval at Group level.

The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains sufficient reserves of cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the strong international creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

Financial risk factors – Interest rate risk

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. Given the Group's substantial borrowing position, interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of debt. To manage this mix, Holcim may enter into interest rate swap agreements, in which it exchanges periodic payments, based on notional amounts and agreed-upon fixed and variable interest rates.

Financial risk factors – Foreign exchange risk

The Group operates internationally and therefore is exposed to foreign exchange risks arising primarily from USD, GBP and EUR but also from various currency exposures in currencies from Europe, North America, Latin America, Africa Middle East and Asia Pacific.

The translation of local balance sheets and statements of income into the Group reporting currency leads to currency translation effects. The Group may hedge certain net investments in foreign entities with foreign currency borrowings or other instruments. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. To the extent that the net investment hedge is effective, all foreign exchange gains or losses are recognized in equity and included in cumulative translation differences.

Due to the local nature of the construction materials business, transaction risk is limited. However, for many Group companies, income will be primarily in local currency whereas debt servicing and a significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, subsidiaries may enter into derivative contracts which are designated as either cash flow hedges or fair value hedges, as appropriate, but which does not include the hedging of forecasted transactions as it is not considered economical.

Financial risk factors – Equities and securities risk
In general, the Group does not hold or acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

Financial risk factors – Capital structure
The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase debt or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of both the ratio of funds from operations as a percentage of net financial debt and gearing.

Funds from operations is calculated as net income plus depreciation, amortization and impairment as shown in the consolidated statement of income. Net financial debt is calculated as financial liabilities less cash and cash equivalents as shown in the consolidated balance sheet.

Gearing is calculated as net financial debt divided by total shareholders' equity as shown in the consolidated balance sheet.

During 2008, the Group's target, which was unchanged from 2007, was to maintain a ratio of funds from operations as a percentage of net financial debt of at least 25 percent and a gearing in the range of no more than 100 percent in order to maintain a solid investment grade rating.

The decrease in the ratio funds from operations/net financial debt is both a result of decreased net income as well as increased net financial debt.

The increase in gearing arose due to increased net financial debt as well as decreased total shareholders' equity. Shareholders' equity decreased by 18.1 percent during 2008 mainly as a result of currency translation effects recognized in equity.

Million CHF	2008	2007
Net income	2,226	4,545
Depreciation, amortization and impairment	1,985	1,919
Funds from operations	4,211	6,464
Financial liabilities	18,652	16,245
Cash and cash equivalents	(3,605)	(3,372)[1]
Net financial debt	15,047	12,873
Funds from operations/net financial debt	**28.0%**	**50.2%**

Million CHF	2008	2007
Financial liabilities	18,652	16,245
Cash and cash equivalents	(3,605)	(3,372)[1]
Net financial debt	15,047	12,873
Total shareholders' equity	17,974	21,945
Gearing	**83.7%**	**58.7%**

[1] Including marketable securities.

Financial risk factors – Credit risk
Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers.

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail to meet their obligations, given their high credit ratings. In addition, Holcim has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Accounting for derivative financial instruments and hedging activities
Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a firm commitment (cash flow hedge) or (d) a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized in equity. Where the firm commitment results in the recognition of an asset, for example, property, plant and equipment, or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments, or hedged firm commitments, affect the income statement.

Changes in the fair value of derivatives that are designated and qualify as net investment hedges and that are highly effective are recognized in equity and included in cumulative translation differences. The amounts deferred in equity are transferred to the income statement on disposal of the foreign entity.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. In the case of a fair value hedge, however, the adjustment to the carrying amount of the hedged item is amortized to net profit or loss from the moment it ceases to be adjusted for in changes to fair value, with it being fully amortized by maturity date.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or to investments in foreign entities. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items including translation gains and losses in hedged foreign investments.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 22 and 29. Movements in the cash flow hedging reserve and available-for-sale equity reserve are shown in the statement of changes in consolidated equity of Group Holcim.

Fair value estimation

The fair value of publicly traded derivatives and available-for-sale assets is generally based on quoted market prices at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair values for the remaining financial instruments.

The amortized cost for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Notes to the consolidated financial statements

1 Changes in the scope of consolidation

The scope of consolidation has been affected mainly by the following deconsolidations made during 2008 and 2007:

Deconsolidated in 2008	Effective as at
Holcim Venezuela	December 31, 2008
Egyptian Cement Company	January 23, 2008

Deconsolidated in 2007	Effective as at
Group Holcim South Africa	June 5, 2007

At December 31, 2008, **Holcim Venezuela** was deconsolidated. Immediately thereafter, it was accounted for as an associate and classified as held for sale (note 19).

The impact of the above resulted in Group Holcim derecognizing assets and liabilities amounting to CHF 313 million and CHF 96 million respectively including the derecognition of attributable goodwill of CHF 3 million and the recognition of an investment in an associate of CHF 220 million.

On January 23, 2008, a competitor acquired 100 percent of the outstanding shares of Orascom Cement, an affiliated company of Orascom Construction Industries (OCI). Orascom Cement owns 53.7 percent of the shares in **Egyptian Cement Company**. As a result of a joint venture agreement with OCI, Holcim proportionately consolidated its 43.7 percent interest in Egyptian Cement Company. Given the acquisition of Orascom Cement by a competitor, the joint venture agreement between OCI and Holcim became void and Holcim applies equity accounting in accordance with IAS 28 to its investment as of this date. Since Holcim's stake remains unchanged, the above event will therefore have no impact on consolidated net income.

The impact of the above resulted in Group Holcim derecognizing its proportionate interest of total assets and liabilities amounting to CHF 933 million and CHF 605 million respectively including the derecognition of attributable goodwill of CHF 80 million and the recognition of an investment in an associate of CHF 223 million.

On June 5, 2007, Holcim disposed of 85 percent of its direct interest in the parent of the **Group Holcim South Africa** in the context of a Black Economic Empowerment transaction.

Since the date of the disposal, Group Holcim South Africa has been accounted for as an associate based on its 15 percent interest in accordance with IAS 28 using the equity method of accounting due to significant influence.

Assets and liabilities of Group Holcim South Africa at the date of disposal

Million CHF	
Cash and cash equivalents	66
Other current assets	165
Property, plant and equipment	298
Other assets	30
Short-term liabilities	(169)
Long-term provisions	(54)
Other long-term liabilities	(62)
Net assets	**274**
Minority interest	(154)
Net assets disposed	**120**
Total selling price	**1,278**
Cash	713
Loan notes	565

During 2008, the outstandig loan notes relating to the sale of Group Holcim South Africa were fully repaid.

The sale of the shareholding resulted in a capital gain of CHF 1,110 million. Additionally, a special dividend of CHF 150 million net was received from the Group Holcim South Africa.

Business combinations individually not material are included in aggregate in note 38. If the acquisitions had occured on January 1, 2008, Group net sales and net income would have remained substantially unchanged.

An overview of the subsidiaries, joint ventures and associated companies is included in section "Principal companies of the Holcim Group" on pages 178 to 180.

2 Foreign currencies

The following table summarizes the principal exchange rates that have been used for translation purposes.

	Statement of income Average exchange rate in CHF			Balance sheet Year-end exchange rate in CHF		
	2008	2007	±%	31.12.2008	31.12.2007	±%
1 EUR	1.59	1.65	–3.6	1.49	1.66	–10.2
1 GBP	1.99	2.40	–17.1	1.53	2.25	–32.0
1 USD	1.08	1.20	–10.0	1.06	1.13	–6.2
1 CAD	1.01	1.12	–9.8	0.87	1.15	–24.3
100 MXN	9.72	11.00	–11.6	7.68	10.32	–25.6
100 INR	2.48	2.91	–14.8	2.18	2.86	–23.8
100 THB	3.22	3.51	–8.3	3.02	3.32	–9.0
1,000 IDR	0.11	0.13	–15.4	0.10	0.12	–16.7
100 PHP	2.43	2.61	–6.9	2.25	2.74	–17.9
1 AUD	0.91	1.01	–9.9	0.73	0.99	–26.3

3 Segment information by region

	Europe		North America		Latin America	
	2008	2007	2008	2007	2008	2007
Capacity and sales						
Million t						
Annual production capacity cement	47.4	48.9	21.3	22.3	31.9	34.0
Sales of cement	33.7	34.3	14.4	16.4	27.2	26.6
Sales of mineral components	2.4	2.4	1.8	2.3		
Sales of aggregates	97.6	108.8	49.3	56.9	13.4	12.5
Sales of asphalt	6.6	6.8	6.8	8.0		
Million m^3						
Sales of ready-mix concrete	21.0	19.8	7.3	7.3	11.7	10.6
Statement of income, balance sheet and cash flow statement						
Million CHF						
Net sales to external customers	9,788	10,314	4,527	5,362	4,093	3,920
Net sales to other segments	255	87		3	77	90
Total net sales	10,043	10,401	4,527	5,365	4,170	4,010
Operating EBITDA[1]	2,003	2,399	486	999	1,194	1,256
Operating EBITDA margin in %	19.9	23.1	10.7	18.6	28.6	31.3
Depreciation, amortization and impairment of operating assets	(707)	(686)	(481)	(376)	(228)	(255)
Operating profit	1,296	1,713	5	623	966	1,001
Operating profit margin in %	12.9	16.5	0.1	11.6	23.2	25.0
Depreciation, amortization and impairment of non-operating assets	(2)	(2)	(1)	(3)	(3)	(1)
Other (expenses) income	(127)	(114)	(64)	(58)	(140)	(170)
Share of profit of associates	36	29			1	1
Other financial income	93	12	3	3	6	6
EBITDA	2,007	2,328	426	947	1,064	1,094
Investments in associates	221	164			2	3
Net operating assets	10,042	10,899	6,045	6,842	3,728	4,485
Total assets	15,302	15,930	9,187	9,791	5,257	6,004
Total liabilities	8,364	9,722	6,552	7,054	3,252	3,491
Cash flow from operating activities	1,264	1,661	166	653	523	550
Cash flow margin in %	12.6	16.0	3.7	12.2	12.5	13.7
Acquisition cost segment assets[2]	1,646	1,221	1,153	1,544	685	420
Cash flow used in investing activities[3]	(1,813)	(1,253)	(1,213)	(1,927)	(708)	(402)
Impairment loss	(60)	(20)	(147)			(14)
Personnel						
Number of personnel	23,557	22,905	9,825	11,190	13,548	13,409

[1] Operating profit before depreciation, amortization and impairment of operating assets.
[2] Property, plant and equipment and intangible assets.
[3] Net investments in property, plant and equipment, intangible assets and financial assets.

	Africa Middle East		Asia Pacific		Corporate/Eliminations		Total Group	
	2008	2007	2008	2007	2008	2007	2008	2007
	11.1	13.9	82.7	78.7			194.4	197.8
	9.7	14.5	65.6	64.9	(7.2)	(7.1)	143.4	149.6
		0.2	0.6	0.6			4.8	5.5
	2.7	5.7	4.7	4.0			167.7	187.9
	0.1						13.5	14.8
	1.2	1.7	7.3	5.8			48.5	45.2
	1,336	1,761	5,413	5,695			25,157	27,052
	18	70	696	597	(1,046)	(847)		
	1,354	1,831	6,109	6,292	(1,046)	(847)	25,157	27,052
	368	653	1,495	1,844	(213)	(221)	5,333	6,930
	27.2	35.7	24.5	29.3			21.2	25.6
	(65)	(76)	(474)	(503)	(18)	(10)	(1,973)	(1,906)
	303	577	1,021	1,341	(231)	(231)	3,360	5,024
	22.4	31.5	16.7	21.3			13.4	18.6
			(6)	(3)		(4)	(12)	(13)
	(28)	(32)	(6)	61	384	1,555	19	1,242
	1	1	7	7	184	221	229	259
	1	2	15	3	(3)	(2)	115	24
	342	624	1,517	1,918	352	1,557	5,708	8,468
	2	2	41	61	1,075	579	1,341	809
	861	1,170	7,254	9,012	375	155	28,305	32,563
	1,878	2,265	11,219	13,008	2,350	1,213	45,193	48,211
	1,294	1,433	3,444	3,865	4,313	701	27,219	26,266
	147	542	1,079	1,491	524	426	3,703	5,323
	10.9	29.6	17.7	23.7			14.7	19.7
	241	424	1,129	1,673	72	14	4,926	5,296
	(322)	(475)	(1,140)	(493)	(279)	(1,015)	(5,475)	(5,565)
			(7)	(1)	(2)		(216)	(35)
	2,477	2,795	36,196	38,133	1,110	932	86,713	89,364

4 Segment information by product

	Cement[1]	
	2008	2007
Statement of income, balance sheet and cash flow statement		
Million CHF		
Net sales to external customers	14,883	15,882
Net sales to other segments	1,365	1,341
Total net sales	16,248	17,223
Operating EBITDA	4,442	5,616
Operating EBITDA margin in %	27.3	32.6
Operating profit	3,120	4,385
Net operating assets	18,450	21,650
Acquisition cost segment assets[2]	3,920	4,247
Cash flow used in investing activities[3]	(4,136)	(4,252)
Personnel		
Number of personnel	56,282	57,671

[1] Cement, clinker and other cementitious materials.
[2] Property, plant and equipment and intangible assets.
[3] Net investments in property, plant and equipment, intangible assets and financial assets.

	Aggregates		Other construction materials and services		Corporate/Eliminations		Total Group	
	2008	2007	2008	2007	2008	2007	2008	2007
	1,702	2,208	8,572	8,962			25,157	27,052
	816	982	847	573	(3,028)	(2,896)		
	2,518	3,190	9,419	9,535	(3,028)	(2,896)	25,157	27,052
	490	649	401	665			5,333	6,930
	19.5	20.3	4.3	7.0			21.2	25.6
	165	304	75	335			3,360	5,024
	5,714	6,415	4,141	4,498			28,305	32,563
	409	529	587	503	10	17	4,926	5,296
	(587)	(529)	(715)	(668)	(37)	(116)	(5,475)	(5,565)
	6,369	7,000	23,692	24,567	370	126	86,713	89,364

5 Change in consolidated net sales

Million CHF	2008	2007
Volume and price	1,157	1,933
Change in structure	(303)	759
Currency translation effects	(2,749)	391
Total	**(1,895)**	**3,083**

6 Production cost of goods sold

Million CHF	2008	2007
Material expenses	(4,170)	(4,448)
Fuel expenses	(1,508)	(1,339)
Electricity expenses	(1,254)	(1,312)
Personnel expenses	(2,055)	(2,055)
Depreciation, amortization and impairment	(1,581)	(1,480)
Other production expenses	(3,548)	(3,393)
Change in inventory	0	(46)
Total	**(14,116)**	**(14,073)**

7 Distribution and selling expenses

Million CHF	2008	2007
Distribution expenses	(5,103)	(5,347)
Selling expenses	(818)	(803)
Total	**(5,921)**	**(6,150)**

8 Summary of depreciation, amortization and impairment

Million CHF	2008	2007
Production facilities	(1,581)	(1,480)
Distribution and sales facilities	(253)	(305)
Administration facilities	(139)	(121)
Total depreciation, amortization and impairment of operating assets (A)	**(1,973)**	**(1,906)**
Impairment of investments in associates	(5)	(1)
Ordinary depreciation of non-operating assets	(4)	(5)
Unusual write-offs	(3)	(7)
Total depreciation, amortization and impairment of non-operating assets (B)	**(12)**	**(13)**
Total depreciation, amortization and impairment (A+B)	**(1,985)**	**(1,919)**
Of which depreciation of property, plant and equipment	(1,631)	(1,745)

9 Change in consolidated operating EBITDA

Million CHF	2008	2007
Volume, price and cost	(703)	660
Change in structure	(301)	110
Currency translation effects	(593)	74
Total	**(1,597)**	**844**

10 Other income

Million CHF	2008	2007
Dividends earned	10	6
Other ordinary income net	21	1,249
Depreciation, amortization and impairment of non-operating assets	(12)	(13)
Total	**19**	**1,242**

In 2007, the position other ordinary income net mainly includes the gain on the sale of Group Holcim South Africa and gains on the disposal of property, plant and equipment.

11 Financial income

Million CHF	2008	2007
Interest earned on cash and marketable securities	156	203
Other financial income	115	24
Total	**271**	**227**

The position other financial income relates primarily to income from loans and receivables.

12 Financial expenses

Million CHF	2008	2007
Interest expenses	(877)	(902)
Fair value changes on financial instruments	(1)	(21)
Amortized discounts on bonds and private placements	(3)	4
Other financial expenses	(152)	(105)
Foreign exchange loss net	(82)	(31)
Financial expenses capitalized	125	49
Total	**(990)**	**(1,006)**
Of which to associates	0	(2)

The average rate of interest of financial liabilities at December 31, 2008 was 3.8 percent (2007: 5.1).

The positions interest expenses and other financial expenses relate primarily to financial liabilities measured at amortized cost.

In 2007, the position fair value changes on financial instruments includes a charge of CHF 21 million on the USD convertible bonds. The revised IFRS, effective January 1, 2005, require in connection with convertible bonds in foreign currencies that changes in the fair value of the conversion option rights are charged to the income statement.

The position financial expenses capitalized comprises interest expenditures on large-scale projects during the year.

Interest rate sensitivity
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial liabilities at variable interest rates on a post hedge basis.

The Group's sensitivity analysis has been determined based on the interest rate exposure as at December 31. A 1 percent change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

At December 31, a ±1 percent shift in interest rates, with all other assumptions held constant, would result in approximately CHF 92 million (2007: 69) of annual additional/lower financial expenses before tax on a post hedge basis. The Group's sensitivity to interest rates is higher than last year mainly due to the fact that the ratio of financial liabilities at variable rates to total financial liabilities has increased from 58 percent to 69 percent.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

Foreign currency sensitivity
Transaction exposure arises on monetary financial assets and liabilities that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group's sensitivity analysis has been determined based on the Group's net transaction exposure as at December 31. A 5 percent change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates.

At December 31, a ±5 percent shift in the USD against the currencies the Group operates in would result in approximately CHF 10 million (2007: 32) of annual additional/lower foreign exchange losses net before tax on a post hedge basis in the income statement. The Group's sensitivity to foreign currency is lower than last year mainly due to higher financial liabilities in local currency.

A ±5 percent change in the CHF, EUR and GBP against the respective currencies would only have an immaterial impact on foreign exchange losses before tax on a post hedge basis in both the current and prior year.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

13 Income taxes

Million CHF	2008	2007
Current taxes	(883)	(1,255)
Deferred taxes	220	54
Total	**(663)**	**(1,201)**

Deferred tax by type

Million CHF	2008	2007
Property, plant and equipment	92	94
Intangible and other assets	(13)	(2)
Provisions	42	(11)
Tax losses carryforward	46	(57)
Other	53	30
Total	**220**	**54**

Reconciliation of tax rate

	2008	2007
Group's expected tax rate	**27%**	**28%**
Effect of non-deductible or non-taxable items and income taxed at different tax rates	(4%)	(7%)
Net change of unrecognized tax loss carryforwards	(1%)	1%
Prior year and other items	1%	(1%)
Group's effective tax rate	**23%**	**21%**

The Group's expected tax rate is a weighted average tax rate based on profits (losses) before taxes of the Group companies.

The reduction in 2008 is based in particular on lower statutory tax rates in certain countries and a change of the relative weight of the profit at the Group companies.

The Group's effective tax rate in 2007 is substantially impacted by tax free capital gains from divestments to third parties.

14 Research and development

Research and development projects are carried out with a view to generate added value for customers through end user oriented products and services. Additionally, process innovation aims at environmental protection and production system improvements. Research and development costs of CHF 24 million (2007: 27) were charged directly to the consolidated statement of income. No significant costs were incurred for licenses obtained from third parties, nor was any major revenue generated from licenses granted.

15 Earnings per share

	2008	2007
Basic earnings per share in CHF	**6.82**	**14.86**
Net income – equity holders of Holcim Ltd – as per income statement (in million CHF)	1,782	3,865
Weighted average number of shares outstanding	261,391,511	260,128,448
Fully diluted earnings per share in CHF	**6.81**	**14.73**
Net income – equity holders of Holcim Ltd – as per income statement (in million CHF)	1,782	3,865
Elimination of financial expenses on convertible debt (in million CHF)	0	5
Net income used to determine diluted earnings per share (in million CHF)	1,782	3,870
Weighted average number of shares outstanding	261,391,511	260,128,448
Adjustment for assumed conversion of convertible debt	0	2,373,244
Adjustment for assumed exercise of share options	113,645	215,777
Weighted average number of shares for diluted earnings per share	261,505,156	262,717,469

In conformity with the decision taken at the annual general meeting on May 7, 2008, a dividend related to 2007 of CHF 3.30 per registered share has been paid on May 13, 2008. This resulted in a total ordinary dividend payment of CHF 868 million.

16 Cash and cash equivalents

Million CHF	2008	2007
Cash at banks and in hand	659	832
Short-term deposits	2,946	2,513
Total	**3,605**	**3,345**
Cash and cash equivalents classified as assets held for sale (note 19)	6	0
Cash and cash equivalents for the purpose of the consolidated cash flow statement	**3,611**	**3,345**

Cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term highly liquid investments.

17 Accounts receivable

Million CHF		2008		2007
Accounts receivable – trade	2,624		3,050	
./. Allowances for doubtful accounts	(179)	2,445	(171)	2,879
Accounts receivable – associates		182		118
Other receivables		471		1,071
Derivative assets		18		5
Total		**3,116**		**4,073**
Of which pledged/restricted		137		128
Of which overdue				
Within 90 days		455		922
90 to 180 days		112		121
Thereafter		106		122
Total overdue		**673**		**1,165**

Due to the local nature of the business, specific terms and conditions for accounts receivable trade exist for local Group companies and as such Group guidelines are not required.

The overdue amounts relate to receivables where payment terms specified in the terms and conditions established with Holcim customers have been exceeded.

Allowance for doubtful accounts

Million CHF	2008	2007
January 1	**(171)**	**(178)**
Change in structure	(3)	6
Allowance recognized	(63)	(36)
Amounts used during the year	5	3
Unused amounts reversed during the year	21	15
Currency translation effects	32	19
December 31	**(179)**	**(171)**

18 Inventories

Million CHF	2008	2007
Raw materials and additives	312	332
Semifinished and finished products	1,109	1,155
Fuels	461	348
Parts and supplies	544	631
Unbilled services	56	69
Total	**2,482**	**2,535**

In 2008, the Group recognized inventory write-downs to net realizable value of CHF 9 million (2007: 1). The carrying amount of inventories carried at net realizable value was CHF 59 million (2007: 60).

19 Assets and related liabilities classified as held for sale

The major classes of assets and liabilities classified as held for sale are as follows:

Million CHF	2008	2007
Cash and cash equivalents	6	0
Other current assets	19	0
Property, plant and equipment	95	44[1]
Investments in associates	237	0
Other assets	44	0
Assets classified as held for sale	**401**	**44**
Short-term liabilities	22	0
Long-term provisions	3	0
Other long-term liabilities	27	0
Liabilities directly associated with assets classified as held for sale	**52**	**0**
Net assets classified as held for sale	**349**	**44**

[1] Reclassified from prepaid expenses and other current assets.

Investments in associates consist primarily of Holcim Venezuela amounting to CHF 220 million. The remaining assets and liabilities classified as held for sale consist of individually immaterial assets and disposal groups.

In April 2008, the Venezuelan government announced that it would nationalize at least 60 percent of the share capital of the three foreign cement producers operating in the country. On June 18, the respective decree was published. Holcim and the government have engaged in consultations regarding the compensation Holcim is due under the applicable Bilateral Investment Treaties. On August 18, 2008, as result of these consultations, a Memorandum of Understanding was signed between the government and Holcim, which provides for the negotiation of a final sales agreement by which 85 percent of **Holcim Venezuela**'s shares would be transferred to the government and Holcim would keep a stake of 15 percent. The Memorandum of Understanding also reflects an agreement in principle regarding the compensation to be paid, subject to due diligence. Although the Venezuelan government has in the meantime taken control of Holcim Venezuela, no compensation has yet been paid. While Holcim still hopes for an amicable resolution of its claim for compensation, it is also considering its legal options under the applicable Bilateral Investment Treaties.

Holcim Venezuela was deconsolidated as of December 31, 2008 and recognized as an associate. In accordance with IFRS 5, the investment was classified as held for sale.

In 2008, Holcim Venezuela reported net sales of CHF 280 million (2007: 245), accounting for approximately 1 percent (2007: 1) of Group net sales.

20 Long-term financial assets

Million CHF	2008	2007
Financial investments – third parties	182	132
Long-term receivables – associates	124	134
Long-term receivables – third parties	327	358
Derivative assets	82	15
Total	**715**	**639**
Of which pledged/restricted	6	0

The fair value of long-term receivables and derivative assets amounted to CHF 474 million (2007: 470).

Long-term receivables and derivative assets are primarily denominated in USD, EUR, CHF and the repayment dates vary between one and 31 years.

21 Investments in associates

Million CHF	2008	2007
January 1	**809**	**727**
Share of profit of associates	229	259
Dividends earned	(196)	(228)
Acquisitions net	402	62
Reclassifications net	203	0
Currency translation effects	(106)	(11)
December 31	**1,341**	**809**

In 2008, the item "Acquisitions net" includes the subscription to the private placement of shares amounting to USD 282 million (CHF 305) in its associated company Huaxin Cement Co. Ltd. which resulted in an increase in its participation from 26.1 percent to 39.9 percent.

In 2008, the item "Reclassification net" mainly includes an increase of CHF 223 million relating to the deconsolidation of Egyptian Cement Company when the joint venture agreement between OCI and Holcim became void and Holcim applied equity accounting to its investment (note 1).

Sales to and purchases from associates amounted to CHF 202 million (2007: 137) and CHF 18 million (2007: 32) respectively.

The following amounts represent the Group's share of assets, liabilities, net sales and net income of associates:

Aggregated financial information – associates

Million CHF	2008	2007
Total assets	2,685	1,906
Total liabilities	(1,403)	(1,097)
Net assets	**1,282**	**809**
Net sales	1,528	1,201
Net income	207	70

Net income and net assets also reflect the unrecognized share of losses of associates.

22 Derivative assets

Included in financial assets (note 20) are derivative assets with maturities exceeding one year; derivative assets with maturities of one year or less are included in accounts receivable (note 17).

Derivative assets

	Fair value	Nominal amount	Fair value	Nominal amount
Million CHF	2008	2008	2007	2007
Fair value hedges				
Interest rate	77	1,409	15	666
Currency	0	0	0	0
Cross-currency	0	0	0	0
Total fair value hedges	**77**	**1,409**	**15**	**666**
Cash flow hedges				
Interest rate	0	0	0	26
Currency	17	93	1	163
Cross-currency	0	0	0	0
Total cash flow hedges	**17**	**93**	**1**	**189**
Net investment hedges				
Currency	0	0	0	0
Cross-currency	6	54	0	0
Total net investment hedges	**6**	**54**	**0**	**0**
Held for trading				
Interest rate	0	0	0	0
Currency	0	0	4	334
Cross-currency	0	0	0	0
Total held for trading	**0**	**0**	**4**	**334**
Grand total	**100**	**1,556**	**20**	**1,189**

Million CHF	Fair value 2008	Fair value 2007
Derivative assets related to fair value hedges have the following maturities:		
Within 1 year	1	0
Within 2 years	5	0
Within 3 years	18	0
Within 4 years	0	10
Within 5 years	16	2
Thereafter	37	3
Total	**77**	**15**
Derivative assets related to cash flow hedges have the following maturities:		
Within 1 year	17	1
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**17**	**1**
Derivative assets related to net investment hedges have the following maturities:		
Within 1 year	0	0
Within 2 years	0	0
Within 3 years	6	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**6**	**0**
Held for trading derivative assets have the following maturities:		
Within 1 year	0	4
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**0**	**4**
Grand total	**100**	**20**

Certain derivative transactions, while fitting into the general risk management approach of minimizing potential adverse effects of the unpredictability of financial markets, do not qualify for hedge accounting under the specific rules of IAS 39. As such, they have been classified as held for trading.

The fair values approximate to the future discounted net cash inflows of the derivatives.

23 Property, plant and equipment

Million CHF	Land	Buildings, installations	Machines	Furniture, vehicles, tools	Construction in progress	Total
2008						
Net book value as at January 1	**5,390**	**5,075**	**9,845**	**1,558**	**3,143**	**25,011**
Change in structure	233	(130)	(257)	63	(39)	(130)
Additions	82	90	206	113	4,027	4,518
Disposals	(43)	(22)	(19)	(25)	(2)	(111)
Transferred from construction in progress	130	421	942	294	(1,787)	0
Depreciation	(140)	(292)	(885)	(314)	0	(1,631)
Impairment loss (charged to income statement)	(22)	(50)	(131)	(9)	(3)	(215)
Currency translation effects	(946)	(789)	(1,532)	(261)	(652)	(4,180)
Net book value as at December 31	**4,684**	**4,303**	**8,169**	**1,419**	**4,687**	**23,262**
At cost of acquisition	5,508	7,934	16,982	3,297	4,687	38,408
Accumulated depreciation/impairment	(824)	(3,631)	(8,813)	(1,878)	0	(15,146)
Net book value as at December 31	**4,684**	**4,303**	**8,169**	**1,419**	**4,687**	**23,262**
Net asset value of leased property, plant and equipment						181
Of which pledged/restricted						275
2007						
Net book value as at January 1	**5,919**	**4,342**	**9,975**	**1,444**	**2,151**	**23,831**
Change in structure	(121)	69	166	22	40	176
Additions	48	148	298	89	3,047	3,630
Disposals	(116)	(46)	(34)	(32)	(9)	(237)
Transferred from construction in progress	40	930	662	381	(2,013)	0
Depreciation	(150)	(308)	(966)	(321)	0	(1,745)
Impairment loss (charged to income statement)	(1)	(5)	(12)	(3)	(6)	(27)
Currency translation effects	(229)	(55)	(244)	(22)	(67)	(617)
Net book value as at December 31	**5,390**	**5,075**	**9,845**	**1,558**	**3,143**	**25,011**
At cost of acquisition	6,226	9,036	19,550	3,582	3,143	41,537
Accumulated depreciation/impairment	(836)	(3,961)	(9,705)	(2,024)	0	(16,526)
Net book value as at December 31	**5,390**	**5,075**	**9,845**	**1,558**	**3,143**	**25,011**
Net asset value of leased property, plant and equipment						196
Of which pledged/restricted						2,030

The net book value of CHF 23,262 million (2007: 25,011) represents 60.6 percent (2007: 60.2) of the original cost of all assets. At December 31, 2008, the fire insurance value of property, plant and equipment amounted to CHF 34,207 million (2007: 33,670). Net gains on sale of property, plant and equipment amounted to CHF 16 million (2007: 105).

In 2008, the impairment loss relates primarily to the closing down of plants in Spain and the US and is included in production cost of goods sold in the income statement.

Included in land, buildings and installations is investment property with a net book value of CHF 48 million (2007: 92). The fair value of this investment property amounted to CHF 71 million (2007: 117). Rental income related to investment property amounted to CHF 3 million (2007: 2).

24 Intangible and other assets

Million CHF	Goodwill	Other intangible assets	Total
2008			
Net book value as at January 1	**9,775**	**1,011**	**10,786**
Change in structure	116	68	184
Additions	215	193	408
Disposals	0	(1)	(1)
Amortization	0	(130)	(130)
Impairment loss (charged to income statement)	0	(1)	(1)
Currency translation effects	(1,728)	(212)	(1,940)
Net book value as at December 31	**8,378**	**928**	**9,306**
At cost of acquisition	8,386	1,665	10,051
Accumulated amortization/impairment	(8)	(737)	(745)
Net book value as at December 31	**8,378**	**928**	**9,306**
Other assets net			**307**
Total			**9,613**
2007			
Net book value as at January 1	**8,140**	**1,045**	**9,185**
Change in structure	205	25	230
Additions	1,602	64	1,666
Disposals	(2)	(12)	(14)
Amortization	0	(131)	(131)
Impairment loss (charged to income statement)	(8)	0	(8)
Currency translation effects	(162)	20	(142)
Net book value as at December 31	**9,775**	**1,011**	**10,786**
At cost of acquisition	9,783	1,617	11,400
Accumulated amortization/impairment	(8)	(606)	(614)
Net book value as at December 31	**9,775**	**1,011**	**10,786**
Other assets net			**290**
Total			**11,076**

The other intangible assets included above have finite useful lives, over which the assets are amortized.

The amortization expense relating to intangible assets with finite useful lives is recognized in the respective line of the income statement.

Included in the additions “Goodwill” for 2007 is the goodwill resulting from the minority buyouts in both India and Canada.

Impairment tests for goodwill

For the purpose of impairment testing, goodwill is allocated to a cash generating unit or to a group of cash generating units that are expected to benefit from the synergies of the respective business combination. The Group's cash generating units are defined on the basis of geographical market, normally country-related. The carrying amount of goodwill allocated to the countries or regions stated below is significant in comparison with the total carrying amount of goodwill, while the carrying amount of goodwill allocated to the other cash generating units is individually not significant.

For the impairment test, the recoverable amount of a cash generating unit, which has been determined based on value-in-use, is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the cash generating unit exceeds its recoverable amount. Future cash flows are discounted using the weighted average cost of capital (WACC) adjusted for country-specific inflation risks.

The cash flow projections are based on a four-year financial planning period approved by management. Cash flows beyond the four-year budget period are extrapolated based either on steady or increasing sustainable cash flows. In any event, the growth rate used to extrapolate cash flow projections beyond the four-year budget period does not exceed the long-term average growth rate for the relevant market in which the cash generating unit operates.

In respect of the goodwill allocated to "Others", the same impairment model and parameters are used as is the case with individually significant goodwill positions, except that different key assumptions are used depending on the risks associated with the respective cash generating units.

Key assumptions used for value-in-use calculations in respect of goodwill 2008

Cash generating unit	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
Million CHF	Total 2008			
India	1,677	INR	13.1%	7.7%
North America	1,898	USD/CAD	8.1%	2.7%
United Kingdom	881	GBP	8.8%	2.5%
Central Europe	473	CHF/EUR	8.0%	1.7%
Mexico	419	MXN	10.8%	3.7%
Others[1]	3,030	Various	8.04%–16.9%	1.5%–8.0%
Total	**8,378**			

Key assumptions used for value-in-use calculations in respect of goodwill 2007

Cash generating unit	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
Million CHF	Total 2007			
India	2,199	INR	12.9%	6.9%
North America	2,127	USD/CAD	8.3%	3.0%
United Kingdom	1,287	GBP	9.0%	2.3%
Central Europe	463	CHF/EUR	7.8%	1.6%
Mexico	540	MXN	11.0%	3.9%
Others[1]	3,159	Various	7.8%–16.5%	1.5%–8.6%
Total	**9,775**			

[1] Individually not significant.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of a cash generating unit or a group of cash generating units, management believes that a reasonably possible change in the pre-tax discount rate of 1 percentage point would not cause the carrying amount of a cash generating unit or a group of cash generating units to materially exceed its recoverable amount.

25 Joint ventures

The following amounts represent the effect of proportionate consolidated assets, liabilities and sales and results of significant joint ventures disclosed on pages 178 and 179.

The amounts are included in the consolidated balance sheet and statement of income.

Balance sheet

Million CHF	2008	2007
Current assets	334	372
Long-term assets	1,098	1,606
Total assets	**1,432**	**1,978**
Short-term liabilities	250	464
Long-term liabilities	662	727
Total liabilities	**912**	**1,191**
Net assets	**520**	**787**

Statement of income

Million CHF	2008	2007
Net sales	**899**	**1,217**
Operating profit	**156**	**335**
Net income from joint ventures	**106**	**275**

Sales to and purchases from significant joint ventures amounted to CHF 144 million (2007: 75) and CHF 106 million (2007: 182) respectively.

26 Trade accounts payable

Million CHF	2008	2007
Trade accounts payable – associates	10	17
Trade accounts payable – third parties	2,431	2,690
Advance payments from customers	125	217
Total	**2,566**	**2,924**

Trade accounts payable are due within one year and the future contractual cash outflows approximate to their carrying amount.

The fair values of accounts payable are not materially different from their carrying amounts.

27 Current financial liabilities

Million CHF	2008	2007
Current financial liabilities – associates	3	14
Current financial liabilities – third parties	3,917	2,936
Current portion of long-term financial liabilities	1,939	660
Derivative liabilities	4	6
Total	**5,863**	**3,616**

The fair values of current financial liabilities are not materially different from their carrying amounts.

28 Long-term financial liabilities

Million CHF	2008	2007
Long-term financial liabilities – associates	11	1
Long-term financial liabilities – third parties	12,684	12,605
Derivative liabilities	94	23
Total	**12,789**	**12,629**
Of which secured	189	352

Details of total financial liabilities

Million CHF	2008	2007
Loans from financial institutions	10,328	8,091
Outstanding bonds and private placements	8,072	7,936
Total loans and bonds	**18,400**	**16,027**
Obligations under finance leases (note 28)	154	189
Derivative liabilities (note 29)	98	29
Total	**18,652**	**16,245**
Current financial liabilities (note 27)	5,863	3,616
Long-term financial liabilities	12,789	12,629

Loans from financial institutions include amounts due to banks and other financial institutions. Interest rates on these amounts, which are primarily denominated in CHF, USD and EUR, average approximately 3.5 percent[1] (2007: 5.2[1]). Repayment dates vary between one and 16 years. CHF 4,563 million (2007: 3,221) are due within one year.

Unutilized credit lines totaled CHF 3,985 million (2007: 8,194) at year-end 2008, of which CHF 2,027 million (2007: 5,471) are committed.

The fair values of long-term financial liabilities amount to CHF 13,411 million (2007: 12,923).

Total financial liabilities by currency

Currency	2008			2007		
	Million CHF	In %	Interest rate[2]	Million CHF	In %	Interest rate[2]
CHF	5,350	28.7	1.9	2,554	15.7	3.1
EUR	4,404	23.6	4.3	3,965	24.4	4.6
GBP	695	3.7	6.1	977	6.0	6.9
USD	5,440	29.2	3.3	5,911	36.4	5.4
AUD	352	1.9	6.2	440	2.7	7.1
INR	278	1.5	5.4	215	1.3	5.0
THB	237	1.3	6.0	278	1.7	6.4
NZD	100	0.5	6.0	190	1.2	7.6
Others	1,796	9.6	8.1	1,715	10.6	6.5
Total	**18,652**	**100.0**	**3.8**	**16,245**	**100.0**	**5.1**

Interest rate structure of total financial liabilities

Million CHF	2008	2007
Financial liabilities at fixed rates	5,809	6,769
Financial liabilities at variable rates	12,843	9,476
Total	**18,652**	**16,245**

Financial liabilities that are hedged to a fixed or floating rate are disclosed on a post hedge basis.

[1] On loans of financial institutions only.
[2] Weighted average nominal interest rate on financial liabilities at December 31.

Contractual maturity analysis

2008	Carrying amount	Contractual principle cash flows		Contractual interest cash flows
		Loans from financial institutions	Bonds and private placements	
Million CHF				
Within 1 year	5,821	4,636	1,127	644
Within 2 years	1,955	755	1,195	414
Within 3 years	1,311	623	669	327
Within 4 years	1,170	614	564	308
Within 5 years	4,391	3,023	1,422	219
Thereafter	3,752	682	3,029	492
Total	**18,400**	**10,333**	**8,006**	**2,404**

Contractual maturity analysis

2007	Carrying amount	Contractual principle cash flows		Contractual interest cash flows
		Loans from financial institutions	Bonds and private placements	
Million CHF				
Within 1 year	3,563	3,178	396	814
Within 2 years	2,649	1,293	1,357	649
Within 3 years	1,650	325	1,343	498
Within 4 years	1,177	511	703	410
Within 5 years	2,775	2,140	581	346
Thereafter	4,213	656	3,538	752
Total	**16,027**	**8,103**	**7,918**	**3,469**

The contractual maturity analysis considers the Group's financial liabilities excluding financial leases (note 28), derivative liabilities (note 29) and trade accounts payable (note 26).

Maturity information for the carrying amounts is based on the remaining contractual maturities and does not consider any option of early repayment. The contractual cash flows are based on the earliest date on which Holcim can be required to pay.

Contractual interest cash flows relating to a variable interest rate are calculated based on the rates prevailing as of December 31.

Future minimum lease payments

Million CHF	Operating leases 2008	Finance leases 2008	Operating leases 2007	Finance leases 2007
Within 1 year	138	42	161	51
Within 2 years	116	30	133	40
Within 3 years	91	29	110	32
Within 4 years	73	23	96	29
Within 5 years	59	10	80	22
Thereafter	378	84	471	103
Total	**855**	**218**	**1,051**	**277**
Interest		(64)		(88)
Total finance leases		**154**		**189**

Total expenses for operating leases recognized in the consolidated statement of income in 2008 was CHF 169 million (2007: 184). There are no individually significant operating lease agreements.

The liabilities from finance leases due within one year are included in current financial liabilities (note 27), liabilities due thereafter are included in long-term financial liabilities (note 28).

Outstanding bonds and private placements as at December 31

Nominal value	Nominal interest rate	Effective interest rate	Term	Remarks	Net book value	Net book value
Million CHF					2008	2007
Holcim Ltd						
CHF 500	4.00%	4.33%	1998–2009	Bonds with fixed interest rate	499	497
CHF 500	2.50%	2.69%	2005–2012	Bonds with fixed interest rate	497	496
CHF 250	3.00%	3.19%	2006–2015	Bonds with fixed interest rate	247	247
CHF 400	3.13%	0.93%	2007–2017	Bonds swapped into floating interest rates at inception	422	390
Holcim Capital Corporation Ltd.						
USD 32	6.60%		2001–2008	Private placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	0	36
USD 136	6.60%		2001–2008	Private placement guaranteed by Holcim Ltd	0	153
USD 150	7.05%	4.40%	2001–2011	Private placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	176	179
USD 208	7.05%	7.08%	2001–2011	Private placement guaranteed by Holcim Ltd	220	234
USD 50	7.65%	7.65%	2001–2031	Private placement guaranteed by Holcim Ltd	53	56
USD 105	5.93%	5.95%	2002–2009	Private placement guaranteed by Holcim Ltd	111	118
USD 65	6.59%	6.60%	2002–2014	Private placement guaranteed by Holcim Ltd	69	73
USD 100	6.59%	6.59%	2002–2014	Private placement guaranteed by Holcim Ltd	106	113
Holcim Overseas Finance Ltd.						
CHF 300	2.75%	2.79%	2006–2011	Bonds guaranteed by Holcim Ltd	300	300
CHF 250	3.00%	0.93%	2007–2013	Bonds guaranteed by Holcim Ltd, swapped into floating interest rates at inception	266	252
Holcim Finance (Canada) Inc.						
CAD 10	6.91%	6.92%	2002–2017	Private placement guaranteed by Holcim Ltd	9	12
CAD 300	5.90%	6.10%	2007–2013	Bonds guaranteed by Holcim Ltd	259	344
Holcim Finance (Luxembourg) S.A.						
EUR 450	4.38%	4.48%	2003–2010	Bonds guaranteed by Holcim Ltd	670	744
EUR 300	4.38%	4.08%	2003–2010	Bonds guaranteed by Holcim Ltd, swapped into floating interest rates at inception	452	484
EUR 600	4.38%	4.45%	2004–2014	Bonds guaranteed by Holcim Ltd	891	990
Holcim Finance (Australia) Pty Ltd						
AUD 175	6.50%	6.79%	2006–2009	Bonds guaranteed by Holcim Ltd	128	173
AUD 85	7.48%	5.36%	2006–2009	Bonds guaranteed by Holcim Ltd, floating interest rates	62	84
Holcim Capital (Thailand) Ltd.						
THB 3,000	6.12%		2005–2008	Bonds guaranteed by Holcim Ltd	0	100
THB 2,150	6.48%	6.59%	2005–2010	Bonds guaranteed by Holcim Ltd	65	71
THB 2,450	6.69%	6.78%	2005–2012	Bonds guaranteed by Holcim Ltd	74	81
Subtotal					**5,576**	**6,227**

Nominal value		Nominal interest rate	Effective interest rate	Term	Remarks	Net book value	Net book value
Million CHF						2008	2007
Subtotal						**5,576**	**6,227**
Holcim US Finance S.à r.l. & Cie S.C.S.							
USD	200	6.21%	6.24%	2006–2018	Private placement guaranteed by Holcim Ltd	211	225
USD	125	6.10%	6.14%	2006–2016	Private placement guaranteed by Holcim Ltd	132	140
USD	125	5.96%	6.01%	2006–2013	Private placement guaranteed by Holcim Ltd	132	140
EUR	90	5.12%	2.82%	2008–2013	Private placement guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	140	0
EUR	358	5.65%	2.84%	2008–2013	Private placement guaranteed by Holcim Ltd, swapped into USD at inception	532	0
EUR	202	5.80%	2.95%	2008–2015	Private placement guaranteed by Holcim Ltd, swapped into USD at inception	300	0
Aggregate Industries Holdings Limited							
GBP	200	6.25%	5.57%	2000–2009	Bonds, partly swapped into floating rates	310	457
GBP	163	7.25%	5.23%	2001–2016	Bonds, partly swapped into floating rates	285	409
Holcim (US) Inc.							
USD	27	0.80%	0.80%	1984–2009	Industrial revenue bonds – Midlothian	28	30
USD	5	1.50%	1.50%	1996–2031	Industrial revenue bonds – Devil's Slide	5	6
USD	22	1.46%	1.46%	1997–2027	Industrial revenue bonds – South Louisiana Port	23	25
USD	95	6.80%		1998–2008	Private placement	0	107
USD	1	0.85%	0.85%	1999–2009	Industrial revenue bonds – Mobile	1	1
USD	15	0.95%	0.95%	1999–2031	Industrial revenue bonds – Midlothian	16	17
USD	67	1.00%	1.00%	1999–2032	Industrial revenue bonds – Mobile Dock & Wharf	71	75
USD	25	1.40%	1.40%	2003–2033	Industrial revenue bonds – Holly Hill	27	28
USD	18	1.28%	1.28%	2000–2020	Industrial revenue bonds – Canada	19	0
St. Lawrence Cement Inc.							
USD	18	3.38%		2000–2020	Industrial revenue bonds – Canada	0	20
Holcim (Maroc) S.A.							
MAD	1,500	5.49%	5.01%	2008–2015	Bonds with fixed interest rate	198	0
ACC Limited							
INR	2,000	11.30%	11.30%	2008–2013	Non-convertible debentures with fixed interest rate	44	0
Ambuja Cements Ltd.							
INR	1,000	6.85%	6.85%	2005–2010	Non-convertible debentures with fixed interest rate	22	29
Total						**8,072**	**7,936**

29 Derivative liabilities

Included in long-term financial liabilities (note 28) are derivative liabilities with maturities exceeding one year; derivative liabilities with maturities of one year or less are included in current financial liabilities (note 27).

Derivative liabilities

	Fair value	Nominal amount	Fair value	Nominal amount
Million CHF	2008	2008	2007	2007
Fair value hedges				
Interest rate	0	0	16	1,010
Currency	0	0	0	0
Cross-currency	6	169	5	105
Total fair value hedges	**6**	**169**	**21**	**1,115**
Cash flow hedges				
Interest rate	7	80	1	15
Currency	4	21	1	92
Cross-currency	80	931	0	0
Total cash flow hedges	**91**	**1,032**	**2**	**107**
Net investment hedges				
Currency	0	0	0	0
Cross-currency	1	40	6	86
Total net investment hedges	**1**	**40**	**6**	**86**
Held for trading				
Interest rate	0	0	0	0
Currency	0	0	0	0
Cross-currency	0	0	0	0
Total held for trading	**0**	**0**	**0**	**0**
Grand total	**98**	**1,241**	**29**	**1,308**

	Fair value	Fair value
Million CHF	2008	2007
Derivative liabilities related to fair value hedges have the following maturities:		
Within 1 year	0	1
Within 2 years	0	0
Within 3 years	1	13
Within 4 years	0	4
Within 5 years	5	0
Thereafter	0	3
Total	**6**	**21**
Derivative liabilities related to cash flow hedges have the following maturities:		
Within 1 year	4	1
Within 2 years	1	0
Within 3 years	2	0
Within 4 years	3	0
Within 5 years	49	0
Thereafter	32	1
Total	**91**	**2**
Derivative liabilities related to net investment hedges have the following maturities:		
Within 1 year	0	4
Within 2 years	1	0
Within 3 years	0	2
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**1**	**6**
Held for trading derivative liabilities have the following maturities:		
Within 1 year	0	0
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**0**	**0**
Grand total	**98**	**29**

Certain derivative transactions, while fitting into the general risk management approach of minimizing potential adverse effects of the unpredictability of financial markets, do not qualify for hedge accounting under the specific rules of IAS 39. As such, they have been classified as held for trading.

The fair values approximate to the future discounted net cash outflows of the derivatives.

30 Deferred taxes

Deferred tax by type of temporary difference	2008	2007
Million CHF		
Deferred tax assets		
Property, plant and equipment	104	52
Intangible and other assets	78	90
Provisions	176	194
Tax losses carryforward	286	270
Other	304	318
Total	**948**	**924**
Deferred tax liabilities		
Property, plant and equipment	2,512	3,054
Intangible and other assets	245	327
Provisions	34	44
Other	46	95
Total	**2,837**	**3,520**
Deferred tax liabilities net	**1,889**	**2,596**
Reflected in the balance sheet as follows:		
Deferred tax assets	(268)	(304)
Deferred tax liabilities	2,157	2,900
Deferred tax liabilities net	**1,889**	**2,596**

Temporary differences for which no deferred tax is recognized

Million CHF	2008	2007
On unremitted earnings of subsidiary companies (taxable temporary difference)	3,362	6,246
On tax losses carryforward (deductible temporary difference)	455	538

Tax losses carryforward

	Loss carry-forwards 2008	Tax effect 2008	Loss carry-forwards 2007	Tax effect 2007
Million CHF				
Total tax losses carryforward	**1,323**	**430**	**1,396**	**416**
Of which reflected in deferred taxes	(868)	(286)	(858)	(270)
Total tax losses carryforward not recognized	**455**	**144**	**538**	**146**
Expiring as follows:				
1 year	9	3	19	2
2 years	11	3	7	2
3 years	11	3	8	3
4 years	0	0	4	1
5 years	2	1	2	1
Thereafter	422	134	498	137

31 Provisions

Million CHF	Site restoration and other environmental liabilities	Specific business risks	Other provisions	Total 2008	Total 2007
January 1	**518**	**365**	**605**	**1,488**	**1,503**
Change in structure	8	4	(33)	(21)	11
Provisions recognized	75	129	139	343	266
Provisions used during the year	(35)	(20)	(91)	(146)	(150)
Provisions reversed during the year	(13)	(26)	(27)	(66)	(140)
Currency translation effects	(75)	(71)	(77)	(223)	(2)
December 31	**478**	**381**	**516**	**1,375**	**1,488**
Of which short-term provisions	29	29	143	201	192
Of which long-term provisions	449	352	373	1,174	1,296

Site restoration and other environmental liabilities represent the Group's legal or constructive obligations of restoring a site. The timing of cash outflows of this provision is dependent on the completion of raw material extraction and the commencement of site restoration.

Specific business risks comprise litigation and restructuring costs which arise during the normal course of business. Provisions for litigations mainly relate to antitrust investigations, product liability as well as tax claims and are set up to cover legal and administrative proceedings. It includes CHF 120 million related to the German antitrust investigation set up in 2002. The total provisions for litigations amounted to CHF 309 million (2007: 294) at December 31. The timing of cash outflows of provisions for litigations is uncertain since it will largely depend upon the outcome of administrative and legal proceedings. Provisions for restructuring costs relate to various restructuring programs and amounted to CHF 72 million (2007: 71) at December 31. These provisions are expected to result in future cash outflows mainly within the next one to three years.

Other provisions relate mainly to provisions that have been set up to cover other contractual liabilities. The composition of this item is extremely manifold and comprises as at December 31, among other things: various severance payments to employees of CHF 71 million (2007: 72), provisions for sales and other taxes of CHF 70 million (2007: 73), and provisions for health insurance and pension scheme, which do not qualify as benefit obligations, of CHF 68 million (2007: 85). The expected timing of the future cash outflows is uncertain.

32 Employee benefits

Personnel expenses	2008	2007
Million CHF		
Production and distribution	3,079	3,068
Marketing and sales	458	450
Administration	960	1,040
Total	**4,497**	**4,558**

Personnel expenses and number of personnel

The Group's total personnel expenses, including social charges, are recognized in the relevant expenditure line by function of the consolidated statement of income and amounted to CHF 4,497 million (2007: 4,558). As at December 31, 2008, the Group employed 86,713 people (2007: 89,364).

Defined benefit pension plans

Some Group companies provide pension plans for their employees which under IFRS are considered as defined benefit pension plans. Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent's pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country. Benefits are dependent on years of service and the respective employee's compensation and contribution. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized actuarial losses and past service costs. The obligation resulting from the defined benefit pension plans is determined using the projected unit credit method. Unrecognized gains and losses resulting from changes in actuarial assumptions are recognized as income (expense) over the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year.

Other post-employment benefits

The Group operates a number of other post-employment benefit plans. The method of accounting for these provisions is similar to the one used for defined benefit pension schemes. A number of these plans are not externally funded, but are covered by provisions in the balance sheets of the respective Group companies.

The following table reconciles the funded, partially funded and unfunded status of defined benefit plans and other post-employment benefit plans to the amounts recognized in the balance sheet.

Reconciliation of retirement benefit plans to the balance sheet

Million CHF	2008	2007
Net liability arising from defined benefit pension plans	245	311
Net liability arising from other post-employment benefit plans	79	81
Net liability	**324**	**392**
Reflected in the balance sheet as follows:		
Other assets net (note 24)	(10)	(24)
Defined benefit obligations	334	416
Net liability	**324**	**392**

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
Million CHF	2008	2007	2008	2007
Present value of funded obligations	**2,530**	**3,074**	**0**	**12**
Fair value of plan assets	(2,375)	(3,068)	0	(12)
Plan deficit of funded obligations	**155**	**6**	**0**	**0**
Present value of unfunded obligations	**201**	**218**	**95**	**100**
Unrecognized actuarial losses	(167)	(22)	(16)	(18)
Unrecognized past service costs	(15)	(6)	0	(1)
Unrecognized plan assets	71	115	0	0
Net liability from funded and unfunded plans	**245**	**311**	**79**	**81**
Amounts recognized in the income statement are as follows:				
Current service costs	102	93	2	2
Interest expense on obligations	152	161	6	6
Expected return on plan assets	(161)	(170)	0	0
Amortization of actuarial losses (gains)	33	(34)	1	1
Past service costs	2	(5)	(1)	0
Gains (losses) on curtailments and settlements	4	(2)	(2)	0
Limit of asset ceiling	(21)	52	0	0
Others	1	1	0	0
Total (included in personnel expenses)	**112**	**96**	**6**	**9**
Actual return on plan assets	**(183)**	**188**	**0**	**0**
Present value of defined benefit obligations				
Opening balance as per January 1	3,292	3,435	112	143
Current service costs	102	93	2	2
Employees' contributions	25	26	0	0
Interest cost	152	161	6	6
Actuarial (gains) losses	(173)	(176)	1	(3)
Currency translation effects	(449)	(67)	(9)	(7)
Benefits paid	(225)	(180)	(8)	(8)
Past service costs	2	(5)	(1)	0
Change in structure	5	17	(3)	(21)
Curtailments	2	(4)	(5)	0
Settlements	(2)	(8)	0	0
Closing balance as per December 31	**2,731**	**3,292**	**95**	**112**

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
Million CHF	2008	2007	2008	2007
Fair value of plan assets				
Opening balance as per January 1	3,068	2,939	12	28
Expected return on plan assets	161	170	0	0
Actuarial (losses) gains	(345)	16	0	0
Currency translation effects	(444)	(76)	0	0
Contribution by the employer	115	145	7	8
Contribution by the employees	25	26	0	0
Benefits paid	(203)	(167)	(7)	(8)
Change in structure	0	19	(12)	(16)
Settlements	(2)	(4)	0	0
Closing balance as per December 31	**2,375**	**3,068**	**0**	**12**
Plan assets consist of:				
Equity instruments of Holcim Ltd or subsidiaries	1	3	0	0
Equity instruments of third parties	745	1,315	0	0
Debt instruments of Holcim Ltd or subsidiaries	24	34	0	0
Debt instruments of third parties	958	1,161	0	12
Land and buildings occupied or used by third parties	308	362	0	0
Other	339	193	0	0
Total fair value of plan assets	**2,375**	**3,068**	**0**	**12**
Principal actuarial assumptions used at balance sheet date				
Discount rate	5.3%	5.0%	6.0%	6.2%
Expected return on plan assets	5.4%	5.6%	–	3.0%
Future salary increases	2.8%	3.0%		
Medical cost trend rate			8.2%	8.3%

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

Experience adjustments

	Defined benefit pension plans				Other post-employment benefit plans			
Million CHF	2008	2007	2006	2005	2008	2007	2006	2005
Present value of defined benefit obligation	2,731	3,292	3,435	3,085	95	112	143	162
Fair value of plan assets	(2,375)	(3,068)	(2,939)	(2,470)	0	(12)	(28)	(12)
Deficit	**356**	**224**	**496**	**615**	**95**	**100**	**115**	**150**
Experience adjustments:								
On plan liabilities	24	(17)	57	112	(3)	3	0	1
On plan assets	(341)	13	76	150	0	0	0	0

Change in assumed medical cost trend rate

A 1 percentage point change in the assumed medical cost trend rate would have the following effects:	Increase Million CHF 2008	Increase Million CHF 2007	Decrease Million CHF 2008	Decrease Million CHF 2007
– On the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs	1	1	1	1
– On the accumulated post-employment benefit obligations for medical costs	5	5	4	4

Expected contributions by the employer to be paid to the post-employment benefit plans during the annual period beginning after the balance sheet date are CHF 103 million (2007: 139).

33 Share compensation plans

Employee share purchase plan

Holcim has an employee share ownership plan for all employees of Swiss subsidiaries and some executives from Group companies. This plan entitles employees to acquire a limited amount of discounted Holcim shares generally at 70 percent of the market value based on the prior-month average share price. The shares cannot be sold for a period of two years from the date of purchase. The total expense arising from this plan amounted to CHF 2.4 million in 2008 (2007: 1.5).

Senior management share plans

Part of the variable, performance-related compensation of senior management is paid in Holcim shares, which are granted based on the market price of the share in the following year. The shares cannot be sold by the employee for the next five years. The total expense arising from these share plans amounted to CHF 2.7 million in 2008 (2007: 6.5).

No dilution of Holcim shares occurs as all shares granted under these plans are purchased from the market.

Share option plans

Two types of share options are granted to senior management of the Holcim Group. In both cases, each option represents the right to acquire one registered share of Holcim Ltd at the market price of the shares at the date of grant (see explanations on pages 91 and 92).

The contractual term of the first type of option plan is eight years. The options cannot be exercised for the first three years and vest immediately as there are no vesting conditions attached to them.

The contractual term of the second type of option plan is twelve years and the options have a vesting period (service-related only) of nine years from the date of grant.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price[1]	Number[1] 2008	Number[1] 2007
January 1	CHF 75.61	**537,944**	**544,462**
Granted and vested (individual component of variable compensation)	CHF 106.10	71,083	49,674
Granted and vested (single allotment)	CHF 68.91	67,100	0
Forfeited		0	0
Exercised		0	(56,192)
Lapsed		0	0
December 31	**CHF 78.15**	**676,127**	**537,944**
Of which exercisable at the end of the year		161,297	89,874

[1] Adjusted to reflect former share splits and/or capital increases.

Share options outstanding at the end of the year have the following expiry dates and give the right to acquire one registered share of Holcim Ltd at the exercise prices as listed below:

Option grant date	Expiry date	Exercise price[1]	Number[1]	Number[1]
			2008	2007
2002	2014	CHF 68.91	201,300	201,300
2003	2012	CHF 35.61	48,775	48,775
2003	2015	CHF 68.91[2]	33,550	33,550
2004	2013	CHF 65.11	41,099	41,099
2004	2016	CHF 68.91[2]	33,550	33,550
2005	2014	CHF 76.30	71,423	71,423
2006	2014	CHF 102.45	58,573	58,573
2007	2015	CHF 127.10	49,674	49,674
2008	2016	CHF 106.10	71,083	–
2008	2020	CHF 68.91[2]	67,100	–
Total			**676,127**	**537,944**

In 2008, no options have been exercised.

Options exercised in 2007 resulted in 56,192 shares being issued at a weighted average exercise price of CHF 66.55. The weighted average share price related to the options exercised during the year 2007 was CHF 125.95.

The fair value of options granted for the year 2008 using the Black Scholes valuation model is CHF 5.20 (2007: 24.76). The significant inputs into the model are the share price and an exercise price at the date of grant, an expected volatility of 26 percent (2007: 25), an expected option life of six years, a dividend yield of 5 percent (2007: 1.9) and an annual risk-free interest rate of 1.2 percent (2007: 2.6). Expected volatility was determined by calculating the historical volatility of the Group's share price over the respective vesting period.

All shares granted under these plans are either purchased from the market or derive from treasury shares. The total personnel expense arising from the grant of options based on the individual component of variable compensation amounted to CHF 2 million in 2008 (2007: 1.8). In 2008, options have been allocated to two new Executive Committee members. In 2007, there was no allocation of options upon appointment of members of the Executive Committee.

Due to trade restrictions in 2008, the expiry date of the annual options granted for the years 2003 to 2005 has been extended by one year.

[1] Adjusted to reflect former share splits and/or capital increases.
[2] Valued according to the single allocation in 2002.

34 Construction contracts

Million CHF	2008	2007
Contract revenue recognized during the year	**1,691**	**1,851**
Contract costs incurred and recognized profits (less recognized losses) to date	2,550	2,695
Progress billings to date	(2,578)	(2,727)
Due to contract customers at balance sheet date	**(28)**	**(32)**
Of which:		
Due from customers for contract work	37	106
Due to customers for contract work	(65)	(138)

35 Details of shares

Number of registered shares

December 31	2008	2007
Total outstanding shares	**258,454,029**	**262,917,241**
Treasury shares		
Shares reserved for convertible bonds	4,441,733	0
Shares reserved for call options	676,127	537,944
Unreserved treasury shares	14,201	130,905
Total treasury shares	**5,132,061**	**668,849**
Total issued shares	**263,586,090**	**263,586,090**
Shares out of conditional share capital		
Reserved for convertible bonds	1,422,350	1,422,350
Unreserved	0	0
Total shares out of conditional share capital	**1,422,350**	**1,422,350**
Total shares	**265,008,440**	**265,008,440**

The par value per share is CHF 2. The share capital amounts to nominal CHF 527 million (2007: 527) and the acquisition price of treasury shares amounts to CHF 401 million (2007: 67).

During the year 2007, USD convertible bonds (0%, 2002–2017) with a nominal value of USD 130 million and CHF convertible bonds (1%, 2002–2012) with a nominal value of CHF 600 million were converted into 8,237,465 newly issued, fully paid-in registered shares of Holcim Ltd with a par value per share of CHF 2 (through the use of conditional share capital). As a result, the share capital increased by CHF 16,474,930 to CHF 527,172,180. The related increase in capital surplus amounted to CHF 792 million.

As most of both USD convertible bonds and CHF convertible bonds have been converted, Holcim exercised its right to redeem the remaining outstanding bonds.

36 Contingencies, guarantees and commitments

Contingencies

In the ordinary course of business, the Group is involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. There are no single matters pending that the Group expects to be material in relation to the Group's business, financial position or results of operations.

At December 31, 2008, the Group's contingencies amounted to CHF 347 million (2007: 239). It is possible, but not probable, that the respective legal cases will result in future liabilities.

The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

Guarantees

At December 31, 2008, guarantees issued to third parties in the ordinary course of business amounted to CHF 330 million (2007: 276).

Commitments

In the ordinary course of business, the Group enters into purchase commitments for goods and services, buys and sells investments, associated companies and Group companies or portions thereof. It is common practice that the Group makes offers or receives call or put options in connection with such acquisitions and divestitures.

At December 31, 2008, the Group's commitments amounted to CHF 1,752 million (2007: 2,036), of which CHF 666 million (2007: 750) relate to the purchase of property, plant and equipment.

In 2008, Holcim has agreed, subject to certain conditions, to participate at market rates in a financing of AfriSam, in which it holds a 15 percent interest. As a result, Holcim's maximum exposure amounts to ZAR 2.7 billion (CHF 310 million), which is also included in commitments.

In 2007, Holcim has agreed, subject to certain conditions that were still outstanding at year-end 2007, to subscribe to a private placement issued by its associated company Huaxin Cement Co. Ltd. amounting to USD 282 million (note 21).

37 Monetary net current assets by currency

	Cash and marketable securities	Accounts receivable	Trade accounts payable	Current financial liabilities	Other current liabilities	Total 2008	Total 2007
Million CHF							
EUR	1,009	1,040	727	1,526	516	(720)	(437)
GBP	170	286	372	394	134	(444)	(276)
CHF	703	107	79	1,571	214	(1,054)	454
USD	717	450	421	1,143	431	(828)	(588)
CAD	1	165	123	112	66	(135)	(158)
MXN	111	122	100	148	57	(72)	(27)
INR	546	206	158	106	500	(12)	316
THB	17	35	18	63	33	(62)	(77)
IDR	79	50	34	24	29	42	(3)
PHP	12	34	26	92	22	(94)	(12)
AUD	10	67	18	195	45	(181)	(1)
Others	235	554	490	489	237	(427)	(771)
Total	**3,610**	**3,116**	**2,566**	**5,863**	**2,284**	**(3,987)**	**(1,580)**

38 Cash flow used in investing activities

Million CHF	2008	2007
Purchase of property, plant and equipment net		
Replacements	(1,231)	(1,384)
Proceeds from sale of property, plant and equipment	127	341
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	**(1,104)**	**(1,043)**
Expansion investments	(3,287)	(2,245)
Total purchase of property, plant and equipment net (A)	**(4,391)**	**(3,288)**
Purchase of financial assets, intangible, other assets and businesses		
Acquisition of new Group companies (net of cash and cash equivalents acquired)[1]	(534)	(408)
Increase in participation in existing Group companies	(123)	(763)
Increase in financial investments including associates	(541)	(180)
Increase in other assets[2]	(688)	(1,830)
Total	**(1,886)**	**(3,181)**
Disposal of financial assets, intangible, other assets and businesses		
Disposal of Group companies (net of cash and cash equivalents disposed of)	10	635
Cash and cash equivalents of reclassified Group companies[3]	(107)	0
Decrease in participation in existing Group companies	22	0
Decrease in financial investments including associates	94	49
Decrease in other assets	783	220
Total	**802**	**904**
Total purchase of financial assets, intangible, other assets and businesses net (B)	**(1,084)**	**(2,277)**
Total cash flow used in investing activities (A+B)	**(5,475)**	**(5,565)**

Cash flow from acquisitions and disposals of Group companies

	Acquisitions		Disposals	
Million CHF	2008	2007	2008	2007
Current assets	(178)	(77)	13	231
Property, plant and equipment	(380)	(233)	1	302
Other assets	(119)	(50)	7	30
Short-term liabilities	129	57	(8)	(169)
Long-term provisions	51	24	(1)	(54)
Other long-term liabilities	74	10	(2)	(62)
Net assets	**(423)**	**(269)**	**10**	**278**
Minority interest	20	39	(2)	(154)
Net assets (acquired) disposed	**(403)**	**(230)**	**8**	**124**
Goodwill (acquired) disposed	(217)	(187)	0	1
Net result from disposals[4]	0	0	5	1,141
Total (purchase) disposal consideration	**(620)**	**(417)**	**13**	**1,266**
Acquired (disposed) cash and cash equivalents	18	9	(3)	(66)
Payables and loan notes	68	0	0	(565)
Net cash flow	**(534)**	**(408)**	**10**	**635**

[1] Including goodwill of new Group companies.
[2] Includes the goodwill from minority buyout.
[3] In 2008, the position relates to Holcim Venezuela (notes 1 and 19) and Egyptian Cement Company (note 1) reclassified as associates.
[4] Including transaction costs.

39 Transactions and relations with members of the Board of Directors and senior management

Key management compensation

Board of Directors

In 2008, twelve non-executive members of the Board of Directors received a total remuneration of CHF 3.2 million (2007: 3.2) in the form of short-term employee benefits of CHF 1.9 million (2007: 1.9), post-employment benefits of CHF 0.1 million (2007: 0.2), share-based payments of CHF 1 million (2007: 1) and other compensation of CHF 0.2 million (2007: 0.1).

Senior management

In 2008, one member of senior management went into early retirement and three left senior management. The Board of Directors nominated two new members. The total annual compensation for senior management amounted to CHF 30.3 million (2007: 32.8) and comprises base salary and variable cash compensation of CHF 17.8 million (2007: 18.6), share-based compensations of CHF 4.7 million (2007: 8.3), employer contributions to pension plans of CHF 5.1 million (2007: 5.1) and other compensations of CHF 2.7 million (2007: 0.8). In accordance with Art. 663b^{bis} of the Swiss Code of Obligations (transparency law), the base salary and the variable cash compensation are disclosed including foreign withholding tax. Further included in the contribution to pension plans are the employers contributions to social security (AHV/IV).

The following table provides details on the total compensation awarded to the individual members of the Board of Directors, the highest compensation paid to a senior management member and the total amount of senior management compensation.

Compensation Board of Directors/senior management[1]

Name	Position		Base salary Cash	Shares[2]
Rolf Soiron	Chairman, Chairman of the Governance, Nomination & Compensation Committee	Number		1,513
		CHF	595,680	80,000
Andreas von Planta	Deputy Chairman, Member of the Audit Committee	Number		1,513
		CHF	300,000	80,000
Christine Binswanger	Member of the Board of Directors since May 7, 2008	Number		883
		CHF	46,667	46,667
Lord Norman Fowler	Member of the Board of Directors	Number		1,513
		CHF	80,000	80,000
Erich Hunziker	Member of the Board of Directors, Member of the Governance, Nomination & Compensation Committee	Number		1,513
		CHF	100,000	80,000
Willy R. Kissling	Member of the Board of Directors, Member of the Governance, Nomination & Compensation Committee until May 7, 2008	Number		630
		CHF	41,667	33,333
Peter Küpfer	Member of the Board of Directors, Chairman of the Audit Committee	Number		1,513
		CHF	180,000	80,000
Adrian Loader	Member of the Board of Directors	Number		1,513
		CHF	80,000	80,000
Gilbert J. B. Probst	Member of the Board of Directors until May 7, 2008	Number		630
		CHF	33,333	33,333
H. Onno Ruding	Member of the Board of Directors, Member of the Audit Committee	Number		1,513
		CHF	110,000	80,000
Thomas Schmidheiny	Member of the Board of Directors, Member of the Governance, Nomination & Compensation Committee	Number		1,513
		CHF	126,400[6]	80,000
Wolfgang Schürer	Member of the Board of Directors, Member of the Governance, Nomination & Compensation Committee as of May 7, 2008	Number		1,513
		CHF	91,667	80,000
Dieter Spälti	Member of the Board of Directors	Number		1,513
		CHF	80,000	80,000
Robert F. Spoerry	Member of the Board of Directors since May 7, 2008	Number		883
		CHF	46,667	46,667
Total Board of Directors (non-executive members)		**Number**		**18,156**
		CHF	**1,912,081**	**960,000**
Markus Akermann[4]	Executive member of the Board of Directors, CEO	Number		0
		CHF	2,011,756	0
Total senior management[5]		**Number**		**0**
		CHF	**15,137,454**	**0**

[1] Compensation for the Board of Directors and senior management is disclosed gross of withholding tax and employee social security contributions. "Other compensation" includes employer contributions to pension plans (state old age and survivors insurance [AHV]/disability insurance [IV], pension funds) as well as a lump sum allowance, long-service benefits, government child payments, etc. The parameters for the fair value calculation of shares and options allocated in the year under review are disclosed on page 167 under "Share compensation plan".
[2] The shares were valued at the average market price in the period from January 1, 2009 to February 15, 2009 and are subject to a five-year sale restriction period.
[3] Value of the options according to the Black Scholes model at the time of allocation.
[4] Member of senior management receiving the highest compensation.
[5] Including executive member of the Board of Directors, CEO.
[6] Including director's fees from subsidiary companies.

	Variable compensation			Other compensation		Total	Total
	Cash	Shares[2]	Options[3]	Employer contributions to pension plans	Others	compensation 2008	compensation 2007
				35,425	50,000	761,105	762,957
				18,169	10,000	408,169	408,169
				2,357	5,833	101,524	0
				0	10,000	170,000	170,000
				8,069	10,000	198,069	198,069
				5,123	4,167	84,290	198,069
				12,109	10,000	282,109	282,109
				0	10,000	170,000	170,000
				4,702	4,167	75,535	177,059
				7,726	10,000	207,726	208,574
				9,401	10,000	225,801	243,501
				7,648	10,000	189,315	177,059
				7,059	10,000	177,059	177,059
				2,357	5,833	101,524	0
				120,145	**160,000**	**3,152,226**	**3,172,625**
		9,056	76,980				
	439,496	478,789	400,295	540,207	203,436	4,073,979	4,902,973
		51,167	**385,124**				
	2,671,172	**2,705,214**	**2,002,643**	**5,085,636**	**2,733,112**	**30,335,231**	**32,757,610**

Compensation for former members of governing bodies

In the year under review, compensation of CHF 503,500 (2007: 263,700) was paid to three (2007: two) former members of governing bodies.

Loans

As at December 31, 2008, there were loans outstanding, which were granted to five members of senior management. There were no loans to members of the Board of Directors outstanding. The table provides details on the loans granted.

Borrower	Position	Original currency	Loan amount in CHF	Interest rate	Maturity date	Collateral
Urs Böhlen	Member of the Executive Committee	CHF	51,000	variable	31.12.15	yes
Thomas Knöpfel	Member of the Executive Committee	CHF	16,000	variable	31.12.09	yes
Benoît-H. Koch	Member of the Executive Committee	CHF	1,450,000	3.25%	31.01.10	yes
Benoît-H. Koch	Member of the Executive Committee	EUR	200,662	variable	open	yes
Roland Köhler	Corporate Functional Manager	CHF	300,000	variable	31.12.15	yes
Stefan Wolfensberger	Corporate Functional Manager	CHF	438,100	variable	31.12.22	yes
Total		**CHF**	**2,455,762**			

As at December 31, 2007, there were loans outstanding, which were granted to five members of senior management. There were no loans to members of the Board of Directors outstanding. The table provides details on the loans granted.

Borrower	Position	Original currency	Loan amount in CHF	Interest rate	Maturity date	Collateral
Thomas Knöpfel	Member of the Executive Committee	CHF	32,000	variable	31.12.10	yes
Benoît-H. Koch	Member of the Executive Committee	CHF	1,450,000	3.25%	31.01.10	yes
Benoît-H. Koch	Member of the Executive Committee	EUR	205,400	variable	open	yes
Urs Böhlen	Area Manager	CHF	93,000	variable	31.12.15	yes
Roland Köhler	Corporate Functional Manager	CHF	300,000	variable	31.12.15	yes
Stefan Wolfensberger	Corporate Functional Manager	CHF	471,800	variable	31.12.22	yes
Total		**CHF**	**2,552,200**			

Shares and options owned by senior executives

The tables show the number of shares and options held by senior executives as at December 31, 2008 and December 31, 2007 respectively.

Board of Directors

Name	Position	Total number of shares 2008	Total number of call options 2008
Rolf Soiron	Chairman, Governance, Nomination & Compensation Committee Chairman	28,917	–
Andreas von Planta	Deputy Chairman	5,306	–
Christine Binswanger	Member	500	–
Lord Norman Fowler	Member	1,827	–
Erich Hunziker	Member	5,503	–
Peter Küpfer	Member, Audit Committee Chairman	5,502	80,000[1]
Adrian Loader	Member	2,894	–
H. Onno Ruding	Member	2,864	–
Thomas Schmidheiny	Member	54,292,690	–
Wolfgang Schürer	Member	31,821	–
Dieter Spälti	Member	7,842	–
Robert F. Spoerry	Member	5,000	–
Total Board of Directors (non-executive members)		**54,390,666**	**80,000**

Board of Directors

Name	Position	Total number of shares 2007	Total number of call options 2007
Rolf Soiron	Chairman, Governance, Nomination & Compensation Committee Chairman	28,177	–
Andreas von Planta	Deputy Chairman	4,566	–
Lord Norman Fowler	Member	1,087	–
Erich Hunziker	Member	4,763	–
Willy R. Kissling	Member	4,922	–
Peter Küpfer	Member, Audit Committee Chairman	4,762	80,000[1]
Adrian Loader	Member	2,154	–
Gilbert J. B. Probst	Member	5,340	–
H. Onno Ruding	Member	2,124	–
Thomas Schmidheiny	Member	53,741,950	–
Wolfgang Schürer	Member	31,081	–
Dieter Spälti	Member	3,775	–
Total Board of Directors (non-executive members)		**53,834,701**	**80,000**

The total number of shares and call options comprise privately acquired shares and call options, and shares allocated under profit-sharing and compensation schemes. Non-executive members of the Board of Directors did not receive any options from compensation and profit-sharing schemes.

[1] Exercise price: CHF 110; Ratio 1:1; Style: European; Maturity: 21.5.2010.

Senior management

Name	Position	Total number of shares 2008	Total number of call options 2008
Markus Akermann	Executive Member of the Board of Directors, CEO	72,103	157,085
Urs Böhlen	Member of the Executive Committee	10,331	40,308
Tom Clough	Member of the Executive Committee	19,215	50,034
Patrick Dolberg	Member of the Executive Committee	5,463	33,550
Paul Hugentobler	Member of the Executive Committee	52,463	61,489
Thomas Knöpfel	Member of the Executive Committee	25,466	50,873
Benoît-H. Koch	Member of the Executive Committee	30,441	53,955
Theophil H. Schlatter	Member of the Executive Committee, CFO	41,274	71,732
Bill Bolsover	Area Manager and Corporate Functional Manager	3,543	3,954
Javier de Benito	Area Manager	10,142	6,938
Gérard Letellier	Area Manager	6,766	4,996
Andreas Leu	Area Manager	4,580	–
Jacques Bourgon	Corporate Functional Manager	4,819	4,742
Roland Köhler	Corporate Functional Manager	4,494	5,369
Stefan Wolfensberger	Corporate Functional Manager	3,562	4,978
Total senior management		**294,662**	**550,003**

Senior management

Name	Position	Total number of shares 2007	Total number of call options 2007
Markus Akermann	Executive Member of the Board of Directors, CEO	61,161	138,983
Tom Clough	Member of the Executive Committee	13,744	44,588
Hansueli Heé	Member of the Executive Committee	25,080	55,293
Paul Hugentobler	Member of the Executive Committee	46,992	56,344
Thomas Knöpfel	Member of the Executive Committee	19,995	46,135
Benoît-H. Koch	Member of the Executive Committee	25,080	48,873
Theophil H. Schlatter	Member of the Executive Committee, CFO	35,803	65,971
Urs Böhlen	Area Manager	7,944	4,911
Bill Bolsover	Area Manager and Corporate Functional Manager	1,553	1,550
Javier de Benito	Area Manager	8,229	5,114
Bernard Kueng	Area Manager and Corporate Functional Manager	2,294	–
Gérard Letellier	Area Manager	4,379	2,570
Bernard Terver	Area Manager	9,724	8,616
Jacques Bourgon	Corporate Functional Manager	4,515	2,740
Beat Fellmann	Corporate Functional Manager	2,297	2,700
Roland Köhler	Corporate Functional Manager	3,300	3,088
Stefan Wolfensberger	Corporate Functional Manager	2,368	2,625
Total senior management		**274,458**	**490,101**

The total number of shares and call options include both privately acquired shares and call options, and those allocated under the Group's profit-sharing and compensation schemes. Options are issued solely on registered shares of Holcim Ltd.

Other transactions

As part of the employee share purchase plan, Holcim manages employees' shares, by selling and purchasing Holcim Ltd shares to and from employees and on the open market. As a result, the company purchased Holcim Ltd shares of CHF 0.01 million (2007: 0.6) at stock market price from members of senior management.

No compensation was paid or loans granted to parties closely related to members of the governing bodies.

40 Post-balance sheet events

On February 17, 2009, Holcim entered into a syndicated loan facility agreement of CHF 400 million with a tenor of 3 years and a two-year extension option with a group of Swiss banks. The proceeds will be used to refinance existing debt and to optimize the capital structure.

With respect to the financing of AfriSam (note 36) Holcim subscribed to loan notes in the amount of ZAR 2.4 billion (CHF 271 million) by February 20, 2009. Holcim intends to place these loan notes in the market. With this subscription Holcim has fulfilled its commitments relating to the financing of AfriSam.

Due to the continuing unfavorable demand situation in the US, the Group company has decided to mothball the plants of Artesia and Mason City with a combined annual capacity of 1.4 million tonnes. Expected mothballing costs of USD 23 million (CHF 25) will be recognized in the first quarter 2009.

41 Authorization of the financial statements for issuance

The consolidated financial statements were authorized for issuance by the Board of Directors of Holcim Ltd on February 27, 2009 and are subject to shareholder approval at the annual general meeting of shareholders scheduled for May 7, 2009.

Principal companies of the Holcim Group

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Europe	Holcim Western Europe S.A.S.	France	EUR	192,253	100.0%
	Holcim (España), S.A.	Spain	EUR	147,882	99.8%
	Holcim Trading SA	Spain	EUR	19,600	100.0%
	Aggregate Industries Ltd	United Kingdom	GBP	–	100.0%
	Holcim (Deutschland) AG	Germany	EUR	47,064	88.9%
	Holcim (Süddeutschland) GmbH	Germany	EUR	6,450	100.0%
	Holcim (Schweiz) AG	Switzerland	CHF	142,200	100.0%
	Holcim Gruppo (Italia) S.p.A.	Italy	EUR	67,000	100.0%
	Holcim Group Support Ltd	Switzerland	CHF	1,000	100.0%
	Holcim (Česko) a.s.	Czech Republic	CZK	486,297	100.0%
	Holcim (Slovensko) a.s.	Slovakia	SKK	1,275,068	98.0%
	Holcim Hungária Zrt.	Hungary	HUF	3,176,805	99.7%
	Holcim (Hrvatska) d.o.o.	Croatia	HRK	94,000	99.8%
	Holcim (Srbija) a.d.	Serbia	CSD	2,300,000	100.0%
	Holcim (Romania) S.A.	Romania	RON	274,243	99.7%
	Holcim (Bulgaria) AD	Bulgaria	BGN	1,093	100.0%
	Alpha Cement J.S.C.	Russia	RUB	8,298	80.8%
	"Garadagh" Sement O.T.J.S.C.	Azerbaijan	AZN	31,813	69.6%
North America	Holcim (US) Inc.	USA	USD	–	100.0%
	Aggregate Industries Management Inc.	USA	USD	194,058	100.0%
	St. Lawrence Cement Inc.	Canada	CAD	171,201	100.0%
Latin America	Holcim Apasco S.A. de C.V.	Mexico	MXN	5,843,086	100.0%
	Cemento de El Salvador S.A. de C.V.	El Salvador	USD	78,178	64.3%
	Holcim (Nicaragua) S.A.	Nicaragua	NIO	19,469	80.0%
	Holcim (Costa Rica) S.A.	Costa Rica	CRC	8,604,056	59.8%
	Panamá Cement Holding S.A.[1]	Panama	USD	116,135	50.0%
	Caricement Antilles N.V.	Curaçao	USD	23,899	100.0%
	Cementos Colón S.A.[1]	Dominican Republic	DOP	165,000	35.5%
	Holcim (Colombia) S.A.	Colombia	COP	72,536,776	99.8%
	Holcim (Ecuador) S.A.	Ecuador	USD	102,405	92.1%
	Holcim (Brasil) S.A.	Brazil	BRL	455,675	99.9%
	Juan Minetti S.A.	Argentina	ARS	352,057	78.9%
	Cemento Polpaico S.A.	Chile	CLP	7,675,262	54.3%

[1] Joint venture, proportionate consolidation.

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Africa Middle East	Holcim (Maroc) S.A.	Morocco	MAD	421,000	61.0%
	Ciments de Guinée S.A.	Guinea	GNF	46,393,000	59.9%
	Société de Ciments et Matériaux	Ivory Coast	XOF	912,940	99.9%
	United Cement Company of Nigeria Ltd[1]	Nigeria	NGN	1,040,000	39.0%
	Holcim (Liban) S.A.L.	Lebanon	LBP	135,617,535	52.1%
	Holcim (Outre-Mer) S.A.S.	La Réunion	EUR	37,748	100.0%
	Aden Cement Enterprises Ltd.	Republic of Yemen	YER	106,392	100.0%
Asia Pacific	ACC Limited[2]	India	INR	1,878,874	46.2%
	Ambuja Cements Ltd.[2]	India	INR	3,045,199	45.7%
	Holcim (Lanka) Ltd	Sri Lanka	LKR	4,458,021	98.9%
	Holcim (Bangladesh) Ltd	Bangladesh	BDT	120,000	89.6%
	Siam City Cement (Public) Company Limited[1]	Thailand	THB	2,375,000	36.8%
	Holcim (Malaysia) Sdn Bhd	Malaysia	MYR	10,450	100.0%
	Holcim (Singapore) Pte. Ltd	Singapore	SGD	28,754	100.0%
	Jurong Cement Limited	Singapore	SGD	44,322	55.2%
	PT Holcim Indonesia Tbk.	Indonesia	IDR	3,645,034,000	78.2%
	Holcim (Vietnam) Ltd	Vietnam	USD	189,400	65.0%
	Holcim (Philippines) Inc.	Philippines	PHP	6,452,099	85.7%
	Cement Australia Holdings Pty Ltd[1]	Australia	AUD	390,740	50.0%
	Holcim (New Zealand) Ltd	New Zealand	NZD	22,004	100.0%

Listed Group companies

Region	Company	Domicile	Place of listing	Market capitalization at December 31, 2008 in local currency		Security code number
Europe	Holcim (Deutschland) AG	Hamburg	Frankfurt	EUR	515 million	DE0005259006
Latin America	Holcim (Costa Rica) S.A.	San José	San José	CRC	344,162 million	CRINC00A0010
	Holcim (Ecuador) S.A.	Guayaquil	Quito, Guayaquil	USD	1,004 million	ECP516721068
	Juan Minetti S.A.	Buenos Aires	Buenos Aires	ARS	419 million	ARP6806N1051
	Cemento Polpaico S.A.	Santiago	Santiago	CLP	125,125 million	CLP2216J1070
Africa Middle East	Holcim (Maroc) S.A.	Rabat	Casablanca	MAD	8,033 million	MA0000010332
	Holcim (Liban) S.A.L.	Beirut	Beirut	USD	287 million	LB0000012833
Asia Pacific	ACC Limited	Mumbai	Mumbai	INR	90,116 million	INE012A01025
	Ambuja Cements Ltd.	Mumbai	Mumbai	INR	106,658 million	INE079A01024
	Siam City Cement (Public) Company Limited	Bangkok	Bangkok	THB	31,825 million	TH0021010002
	Jurong Cement Limited	Singapore	Singapore	SGD	53 million	SG1E00001230
	PT Holcim Indonesia Tbk.	Jakarta	Jakarta	IDR	4,827,627 million	ID1000072309
	Holcim (Philippines) Inc.	Manila	Manila	PHP	12,259 million	PHY3232G1014

[1] Joint venture, proportionate consolidation.
[2] Control obtained because of the power to cast the majority of votes at meetings of the Board of Directors.

Principal finance and holding companies

	Place	Nominal share capital in 000		Participation (voting right)
Holcim Ltd	Switzerland	CHF	527,172	100.0%
Aggregate Industries Holdings Limited	United Kingdom	GBP	505,581	100.0%
Holcibel S.A.	Belgium	EUR	831,000	100.0%
Holcim Auslandbeteiligungs GmbH (Deutschland)	Germany	EUR	2,556	100.0%
Holcim Beteiligungs GmbH (Deutschland)	Germany	EUR	102,000	100.0%
Holcim Capital Corporation Ltd.	Bermuda	USD	2,630	100.0%
Holcim Capital (Thailand) Ltd.	Thailand	THB	1,100	100.0%
Holcim (Centroamérica) B.V.	Netherlands	USD	3,855	100.0%
Holcim European Finance Ltd.	Bermuda	EUR	25	100.0%
Holcim Finance (Australia) Pty Ltd	Australia	AUD	0	100.0%
Holcim Finance (Belgium) S.A.	Belgium	EUR	62	100.0%
Holcim Finance (Canada) Inc.	Canada	CAD	0	100.0%
Holcim Finance (Luxembourg) S.A.	Luxemburg	EUR	1,900	100.0%
Holcim GB Finance Ltd.	Bermuda	GBP	8	100.0%
Holcim (India) Private Limited	India	INR	19,317,267	100.0%
Holcim Investments (France) SAS	France	EUR	15,551	100.0%
Holcim Investments (Spain) S.L.	Spain	EUR	66,182	100.0%
Holcim Overseas Finance Ltd.	Bermuda	CHF	16	100.0%
Holcim Participations (UK) Limited	United Kingdom	GBP	690,000	100.0%
Holcim Participations (US) Inc.	USA	USD	67	100.0%
Holcim Reinsurance Ltd.	Bermuda	CHF	1,453	100.0%
Holcim US Finance S.à r.l. & Cie S.C.S.	Luxemburg	USD	10	100.0%
Holderfin B.V.	Netherlands	EUR	3,772	100.0%

Principal associated companies

Region	Company	Country of incorporation or residence	Participation (voting right)
North America	Lattimore Materials Company, L.P.	USA	49.0%
Latin America	Cementos Progreso S.A.	Guatemala	20.0%
	Holcim (Venezuela) C.A.[1]	Venezuela	100.0%
Africa Middle East	AfriSam (Pty) Ltd[2]	South Africa	15.0%
	Egyptian Cement Company S.A.E.	Egypt	43.7%
Asia Pacific	Espandar Cement Investment Co. (P.J.S.)	Iran	49.9%
	Huaxin Cement Co. Ltd.	China	39.9%

[1] Deconsolidated as at December 31, 2008 due to loss of control (notes 1 and 19).
[2] Due to significant influence.

To the General Meeting of Holcim Ltd, Jona

Zurich, February 27, 2009

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Holcim Ltd, which comprise the consolidated statement of income, consolidated balance sheet, statement of changes in consolidated equity, consolidated cash flow statement and notes on pages 116 to 180 for the year ended December 31, 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence. In accordance with Art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors. We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Dolensky	Willy Hofstetter
Licensed Audit Expert	Licensed Audit Expert
Auditor in charge	

Consolidated statement of income of Group Holcim

Million CHF	Notes	2007	2006	±%
Net sales	5	**27,052**	**23,969**	**+12.9**
Production cost of goods sold	6	(14,073)	(12,616)	
Gross profit		**12,979**	**11,353**	**+14.3**
Distribution and selling expenses	7	(6,150)	(5,358)	
Administration expenses		(1,805)	(1,610)	
Operating profit		**5,024**	**4,385**	**+14.6**
Other income	10	1,242	97	
Share of profit of associates	20	259	89	
Financial income	11	227	188	
Financial expenses	12	(1,006)	(962)	
Net income before taxes		**5,746**	**3,797**	**+51.3**
Income taxes	13	(1,201)	(1,078)	
Net income		**4,545**	**2,719**	**+67.2**
Attributable to:				
Equity holders of Holcim Ltd		3,865	2,104	+83.7
Minority interest		680	615	+10.6
CHF				
Earnings per dividend-bearing share[1]	15	14.86	8.64	+72.0
Fully diluted earnings per share[1]	15	14.73	8.50	+73.3

Million CHF				
Operating EBITDA[2]	9	6,930	6,086	+13.9
EBITDA[3]		8,468	6,333	+33.7

[1] EPS calculation based on net income attributable to equity holders of Holcim Ltd weighted average number of shares.
[2] Operating profit CHF 5,024 million (2006: 4,385) before depreciation and amortization of operating assets CHF 1,906 million (2006:1,701).
[3] Net income CHF 4,545 million (2006: 2,719) before interest earned on cash and marketable securities CHF 203 million (2006: 149), financial expenses CHF 1,006 million (2006: 962), taxes CHF 1,201 million (2006: 1,078) and depreciation and amortization CHF 1,919 million (2006: 1,723).

Consolidated balance sheet of Group Holcim

Million CHF	Notes	31.12.2007	31.12.2006
Cash and cash equivalents	16	3,345	3,208
Marketable securities		27	15
Accounts receivable	17	4,073	3,659
Inventories	18	2,535	2,282
Prepaid expenses and other current assets		392	583
Total current assets		**10,372**	**9,747**
Financial assets	19	639	689
Investments in associates	20	809	727
Property, plant and equipment	22	25,011	23,831
Intangible and other assets	23	11,076	9,419
Deferred tax assets	29	304	289
Total long-term assets		**37,839**	**34,955**
Total assets		**48,211**	**44,702**
Trade accounts payable	25	2,924	2,568
Current financial liabilities	26	3,616	3,590
Current tax liabilities		332	271
Other current liabilities		1,961	2,064
Short-term provisions	30	192	128
Total current liabilities		**9,025**	**8,621**
Long-term financial liabilities	27	12,629	12,470
Defined benefit obligations	31	416	488
Deferred tax liabilities	29	2,900	3,023
Long-term provisions	30	1,296	1,375
Total long-term liabilities		**17,241**	**17,356**
Total liabilities		**26,266**	**25,977**
Share capital	34	527	511
Capital surplus		6,879	6,085
Treasury shares	34	(67)	(62)
Reserves		11,443	8,643
Total equity attributable to shareholders of Holcim Ltd		**18,782**	**15,177**
Minority interest	35	3,163	3,548
Total shareholders' equity		**21,945**	**18,725**
Total liabilities and shareholders' equity		**48,211**	**44,702**

Statement of changes in consolidated equity of Group Holcim

Million CHF	Share capital	Capital surplus	Treasury shares
Equity as at December 31, 2005	**460**	**3,967**	**(59)**
Currency translation effects			
Taxes related to equity items			
Change in fair value			
– Available-for-sale securities			
– Cash flow hedges			
– Net investment hedges			
Realized gain (loss) through income statement			
– Available-for-sale securities			
– Cash flow hedges			
Net income (loss) recognized directly in equity			
Net income recognized in consolidated statement of income			
Total recognized net income			
Share capital increase	42	1,668	
Conversion of convertible bonds	9	440	41
Dividends			
Change in treasury shares net			(44)
Share-based remuneration		10	
Capital repaid to minorities			
New minorities assumed			
Buyout of minorities			
Total of other equity movements	**51**	**2,118**	**(3)**
Equity as at December 31, 2006	**511**	**6,085**	**(62)**
Equity as at December 31, 2006	**511**	**6,085**	**(62)**
Currency translation effects			
Taxes related to equity items			
Change in fair value			
– Available-for-sale securities			
– Cash flow hedges			
– Net investment hedges			
Realized gain (loss) through income statement			
– Available-for-sale securities			
– Cash flow hedges			
Net income (loss) recognized directly in equity			
Net income recognized in consolidated statement of income			
Total recognized net income			
Share capital increase			
Conversion of convertible bonds	16	792	
Dividends			
Change in treasury shares net			(18)
Share-based remuneration		2	13
Capital repaid to minorities			
New minorities assumed			
Buyout of minorities			
Total of other equity movements	**16**	**794**	**(5)**
Equity as at December 31, 2007	**527**	**6,879**	**(67)**

	Attributable to equity holders of Holcim Ltd					Minority interest	Total shareholders' equity
	Retained earnings	Available-for-sale equity reserve	Cash flow hedging reserve	Currency translation effects	Total reserves		
	8,170	**(1)**	**(25)**	**(1,045)**	**7,099**	**2,783**	**14,250**
				(250)	(250)	(369)	(619)
				26	26		26
		2			2		2
			20		20		20
		2			2		2
		4	20	(224)	(200)	(369)	(569)
	2,104				2,104	615	2,719
	2,104	**4**	**20**	**(224)**	**1,904**	**246**	**2,150**
							1,710
	20				20		510
	(382)				(382)	(315)	(697)
	2				2		(42)
							10
						(548)	(548)
						1,770	1,770
						(388)	(388)
	(360)				**(360)**	**519**	**2,325**
	9,914	**3**	**(5)**	**(1,269)**	**8,643**	**3,548**	**18,725**
	9,914	**3**	**(5)**	**(1,269)**	**8,643**	**3,548**	**18,725**
				(555)	(555)	105	(450)
			6		6		6
			6	(555)	(549)	105	(444)
	3,865				3,865	680	4,545
	3,865		**6**	**(555)**	**3,316**	**785**	**4,101**
							808
	(522)				(522)	(332)	(854)
	6				6		(12)
							15
						(11)	(11)
						(74)	(74)
						(753)	(753)
	(516)				**(516)**	**(1,170)**	**(881)**
	13,263	**3**	**1**	**(1,824)**	**11,443**	**3,163**	**21,945**

Consolidated cash flow statement of Group Holcim

Million CHF	Notes	2007	2006
Net income before taxes		**5,746**	**3,797**
Other income		(1,242)	(97)
Share of profit of associates		(259)	(89)
Financial expenses net		779	774
Operating profit		**5,024**	**4,385**
Depreciation and amortization of operating assets	8	1,906	1,701
Other non-cash items		187	224
Change in net working capital		(92)	(219)
Cash generated from operations		**7,025**	**6,091**
Dividends received		233	71
Interest received		234	187
Interest paid		(972)	(908)
Income taxes paid		(1,144)	(996)
Other expenses		(53)	(22)
Cash flow from operating activities (A)		**5,323**	**4,423**
Purchase of property, plant and equipment	38	(3,629)	(2,547)
Disposal of property, plant and equipment	38	341	220
Purchase of financial assets, intangible and other assets	38	(3,181)	(2,760)
Disposal of financial assets, intangible and other assets	38	904	706
Cash flow used in investing activities (B)		**(5,565)**	**(4,381)**
Dividends paid on ordinary shares		(522)	(382)
Dividends paid to minority shareholders		(350)	(285)
Dividends paid on preference shares of subsidiaries		0	(36)
Capital increase		(8)	1,705
Capital repaid to minority interests		(11)	(548)
Movements of treasury shares net		(12)	(42)
Increase in current financial liabilities net		406	1,162
Proceeds from long-term financial liabilities		5,314	4,636
Repayment of long-term financial liabilities		(4,427)	(6,342)
Cash flow (used in) from financing activities (C)		**390**	**(132)**
In(De)crease in cash and cash equivalents (A+B+C)		**148**	**(90)**
Cash and cash equivalents as at January 1	16	**3,208**	**3,332**
In(De)crease in cash and cash equivalents		148	(90)
Currency translation effects		(11)	(34)
Cash and cash equivalents as at December 31	16	**3,345**	**3,208**

The conversions of the convertible bonds are disclosed in note 34. In 2007, the position capital increase includes the costs for the conversions of the convertible bonds.

Accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Adoption of revised International Financial Reporting Standards and new interpretations

In 2007, Group Holcim adopted the following revised standards and new interpretations relevant to the Group which became effective from January 1, 2007:

Amendments to IAS 1	*Presentation of Financial Statements: Capital Disclosures*
IFRS 7	*Financial Instruments: Disclosures*
IFRIC 7	*Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
IFRIC 8	*Scope of IFRS 2*
IFRIC 10	*Interim Financial Reporting and Impairment*

These revised and new standards and interpretations, except for IFRIC 7, IFRIC 8 and IFRIC 10, are disclosure-related only.

In 2008, Group Holcim will adopt the following new interpretations relevant to the Group:

IFRIC 11	*IFRS 2 – Group and Treasury Share Transactions*
IFRIC 14	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The effect of applying IFRIC 11 will have no impact on the Group. The Group is in the process of evaluating IFRIC 14 but does not expect it to have a material impact on the Group's financial statements.

In 2009, Group Holcim will adopt the following revised and new standards relevant to the Group:

IAS 1 (revised)	*Presentation of Financial Statements*
IAS 23	*Borrowing Costs*
IFRS 2 (amended)	*Share-based payment*
IFRS 8	*Operating Segments*

The revised IAS 1 and the new IFRS 8 are disclosure-related only. The amendment to IAS 23 will have no impact on the consolidated financial statements as the accounting policy already specify capitalization of attributable interest costs. The amendment to IFRS 2 (amended) clarifies that vesting conditions are either service conditions or performance conditions. The effect of applying the amendment will have no impact on the Group's financial statements.

In 2010, Group Holcim will adopt the following revised standards relevant to the Group:

IAS 27 (revised)	*Consolidated and Separate Financial Statements*
IFRS 3 (revised)	*Business Combinations*

According to IAS 27 (revised), changes in the ownership interest of a subsidiary that do not result in a loss of control will be accounted for as an equity transaction. The Group is in the process of evaluating the impact on future transactions. The amendment to IFRS 3 (revised) introduces several changes such as the choice to measure the non-controlling interest in the acquiree either at fair value or at its proportionate interest in the acquiree's identifiable net assets, the accounting for step acquisitions as well as the treatment of transaction costs. The Group is in the process of evaluating the impact on future business combinations.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future. However, actual results could differ from those estimates.

Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate primarily to goodwill, and to a lesser extent defined benefit obligations, deferred tax assets, long-term provisions, depreciation of property, plant and equipment and disclosure of contingent liabilities at the balance sheet date. The cost of defined benefit pension plans and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on plan assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty (note 31). The Group tests annually whether goodwill has suffered any impairment in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 23). All other estimates mentioned above are further detailed in the corresponding disclosures.

Scope of consolidation

The consolidated financial statements comprise those of Holcim Ltd and of its subsidiaries, including joint ventures and associated companies. The list of principal companies is presented in the section “Principal companies”.

Principles of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions and balances between Group companies are eliminated.

It is common practice for the Group to write put options and acquire call options in connection with the remaining shares held by the minority shareholders both as part of and outside a business combination. In such cases, the present value of the redemption amount of the put option is recognized as a financial liability with any excess over the carrying amount of the minority interest recognized as goodwill. To the extent that the Group has a present ownership interest, no earnings are attributed to minority interests. The financial liability is subsequently measured at amortized cost. Effects of changes in expected cash flows are charged against goodwill.

The Group’s interest in jointly controlled entities is consolidated using the proportionate method of consolidation. Under this method, the Group records its share of the joint ventures’ individual income and expenses, assets and liabilities and cash flows in the consolidated financial statements on a line-by-line basis. All transactions and balances between the Group and joint ventures are eliminated to the extent of the Group’s interest in the joint ventures.

Investments in associated companies are accounted for using the equity method of accounting. These are companies over which the Group generally holds between 20 and 50 percent of the voting rights and has significant influence but does not exercise control. Goodwill arising on the acquisition is included in the carrying amount of the investment in associated companies. Equity accounting is discontinued when the carrying amount of the investment together with any long-term interest in an associated company reaches zero, unless the Group has in addition either incurred or guaranteed additional obligations in respect of the associated company.

Foreign currency translation

Income statements of foreign entities are translated into the Group’s reporting currency at average exchange rates for the year and balance sheets are translated at exchange rates ruling on December 31.

Goodwill arising on the acquisition of a foreign entity is expressed in the functional currency of the foreign operation and is translated at the closing rate.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Exchange differences arising on monetary items that form part of an entity’s net investment in a foreign operation are reclassified to equity (currency translation adjustment) in the consolidated financial statements and are only released to the income statement on the disposal of the foreign operation. The individual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Segment information
Segment information is presented in respect of the Group's geographical and business segments.

The primary segment reporting format, which reflects the management organization, is presented by geographical area, based on the location of assets.

Secondary information is reported by business segments and is defined as strategic activities focusing on the delivery of a range of products or services to create value for customers. The segmentation comprises cement, aggregates and other construction materials and services.

Transfer prices between business segments are set on an arms-length basis in a manner similar to transactions with third parties. Segment revenue and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Cash and cash equivalents
Cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. Cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks, other short-term highly liquid investments and bank overdrafts.

Marketable securities
Marketable securities consist primarily of debt and equity securities which are traded in liquid markets and are classified as available-for-sale. They are carried at fair value with all fair value changes recorded in equity until the financial asset is either impaired or disposed of at which time the cumulative gain or loss previously recognized in equity is transferred to net income for the period.

Accounts receivable
Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is determined by using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials and additives, direct labor, other direct costs and related production overheads. Cost of inventories includes transfers from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

Financial assets
Financial assets consist of (a) investments in third parties, (b) long-term receivables from associates, (c) long-term receivables from third parties, and (d) long-term derivative assets. Investments in third parties are classified as available-for-sale and long-term receivables from associates and third parties are classified as loans and receivables. Long-term derivative assets are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurement*, in which case they will be classified as held for trading.

All purchases and sales of investments are recognized on trade date, which is the date that the Group commits to purchase or sell the asset. Purchase cost includes transaction costs, except for derivative instruments. Loans and receivables are measured at amortized cost. Available-for-sale investments are carried at fair value, while held-to-maturity investments are carried at amortized cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale investments are included in equity until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit and loss for the period.

Property, plant and equipment
Property, plant and equipment is valued at acquisition or construction cost less depreciation and impairment loss. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method, on the following bases:

Land	No depreciation except on land with raw material reserves
Buildings and installations	20 to 40 years
Machinery	10 to 30 years
Furniture, vehicles and tools	3 to 10 years

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Group in future periods and the cost of the item can be measured reliably. Costs include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. All other repairs and maintenance expenses are charged to the income statement during the period in which they are incurred.

Mineral reserves, which are included in the class "land" of property, plant and equipment, are valued at cost and are depreciated based on the physical unit-of-production method over their estimated commercial lives.

Costs incurred to gain access to mineral reserves are capitalized and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves.

Interest cost on borrowings to finance construction projects which last longer than one year are capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

Government grants received are deducted from property, plant and equipment and reduce the depreciation charge accordingly.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through a finance lease is capitalized at the date of inception of the lease at the present value of the minimum future lease payments. The corresponding lease obligations, excluding finance charges, are included in either current or long-term financial liabilities.

For sale and lease-back transactions, the book value of the related property, plant or equipment remains unchanged. Proceeds from a sale are included as a financing liability and the financing costs are allocated over the term of the lease in such a manner that the costs are reported over the relevant periods.

Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries and interests in joint ventures is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill that is recognized as an intangible asset is tested annually for impairment and carried at cost less accumulated impairment losses.

On disposal of a subsidiary, associate or joint venture, the related goodwill is included in the determination of profit or loss on disposal.

Goodwill is allocated to cash generating units for the purpose of impairment testing (note 23).

In the event that Holcim acquires a minority interest in a subsidiary, goodwill is measured at cost, which represents the excess of the purchase consideration given over Holcim's additional interest in the book value of the net assets acquired.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Computer software

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and which will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are capitalized and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years.

Other intangible assets

Expenditure on acquired patents, trademarks and licenses is capitalized and amortized using the straight-line method over their estimated useful lives, but not exceeding 20 years.

Impairment of non-financial assets

At each balance sheet date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Group estimates the recoverable amount of the smallest cash generating unit to which the non-financial asset belongs.

If the recoverable amount of a non-financial asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the non-financial asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the non-financial asset or cash generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for that non-financial asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the income statement.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is any indication that a financial asset may be impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future estimated cash flows discounted at the origial effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis.

In relation to accounts receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Long-term financial liabilities

Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the term of the borrowings.

Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option which is recognized and included in shareholders' equity; the value of the conversion option is not changed in subsequent periods.

Long-term derivative liabilities are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurement*, in which case they will be classified as held for trading.

Financial liabilities that are due within 12 months after the balance sheet date are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until more than 12 months after the balance sheet date.

Deferred taxes
Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantially enacted by the balance sheet date are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences or unused tax losses can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures except where the Group is able to control the distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future.

Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is treated accordingly.

Site restoration and other environmental provisions
The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the site. The effect of any adjustments to the provision due to further environmental damage is recorded through operating costs over the life of the site to reflect the best estimate of the expenditure required to settle the obligation at balance sheet date. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to, or deducted from, the cost of the related asset as appropriate in the current period. All provisions are discounted to their present value based on a long-term borrowing rate.

Emission rights
The initial allocation of emission rights granted is recognized at nominal amount (nil value). Where a Group company has emissions in excess of the emission rights granted, it will recognize a provision for the shortfall based on the market price at that date. The emission rights are held for compliance purposes only and therefore the Group does not intend to speculate with these in the open market.

Other provisions
A provision is recognized when there exists a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Employee benefits – Defined benefit plans
Some Group companies provide defined benefit pension plans for employees. Professionally qualified independent actuaries value the funds on a regular basis. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs.

Actuarial gains or losses are amortized based on the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year. The pension obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on high quality corporate bonds where the currency and terms of the corporate bonds are consistent with the currency and estimated terms of the defined benefit obligation.

A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized net actuarial losses and past service costs.

Employee benefits – Defined contribution plans
In addition to the defined benefit plans described above, some Group companies sponsor defined contribution plans based on local practices and regulations. The Group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

Employee benefits – Other long-term employment benefits
Other long-term employment benefits include long-service leave or sabbatical leave, medical aid, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the year end, profit sharing, bonuses and deferred compensation.

The measurement of these obligations differs from defined benefit plans in that all actuarial gains and losses are recognized immediately and no corridor approach is applied.

Employee benefits – Equity compensation plans
The Group operates various equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options or shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted. The amounts are charged to the income statement over the relevant vesting periods and adjusted to reflect actual and expected levels of vesting (note 31).

Minority interests
Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet.

Revenue recognition
Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery has taken place and the transfer of risks and rewards of ownership has been completed.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive payment is established.

Certain activities of the Group are construction contract driven. Consequently contract revenue and contract costs are recognized in the income statement on the percentage of completion method, with the stage of completion being measured by reference to actual work performed to date.

Contingent liabilities
Contingent liabilities arise from conditions or situations where the outcome depends on future events. They are disclosed in the notes to the financial statements.

Financial instruments
Information about accounting for derivative financial instruments and hedging activities is included in the section "Financial risk management".

Financial risk management

Financial risk factors – General risk management approach

The Group's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. Therefore, the Group does not enter into derivative or other financial transactions which are unrelated to its operating business. As such, a risk-averse approach is pursued.

Financial risk management within the Group is governed by policies approved by Group management. It provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing excess liquidity.

Financial risk factors – Market risk

Holcim is exposed to market risk, primarily relating to foreign exchange and interest rate risk. Management actively monitors these exposures. To manage the volatility relating to these exposures, Holcim enters into a variety of derivative financial instruments. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk. To manage liquid funds, it might write call options on assets it has or it might write put options on positions it wants to acquire and has the liquidity to acquire. Holcim, therefore, expects that any loss in value of those instruments generally would be offset by increases in the value of the underlying transactions.

Financial risk factors – Liquidity risk

Group companies need a sufficient availability of cash to meet their obligations. Individual companies are responsible for their own cash surpluses and the raising of loans to cover cash deficits, subject to guidance by the Group and, in certain cases, for approval at Group level.

The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains sufficient reserves of cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements at all times.
In addition, the strong international creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

Financial risk factors – Interest rate risk

The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. Given the Group's substantial borrowing position, interest rate exposure is mainly addressed through the steering of the fixed/floating ratio of debt. To manage this mix, Holcim may enter into interest rate swap agreements, in which it exchanges periodic payments, based on notional amounts and agreed-upon fixed and variable interest rates.

Financial risk factors – Foreign exchange risk

The Group operates internationally and therefore is exposed to foreign exchange risks arising primarily from USD, GBP and EUR but also from various currency exposures in currencies from Europe, North America, Latin America, Africa Middle East and Asia Pacific.

The translation of local balance sheets and statements of income into the Group reporting currency leads to currency translation effects. The Group may hedge certain net investments in foreign entities with foreign currency borrowings or other instruments. Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. To the extent that the net investment hedge is effective, all foreign exchange gains or losses are recognized in equity and included in cumulative translation differences.

Due to the local nature of the construction materials business, transaction risk is limited. However, for many Group companies, income will be primarily in local currency whereas debt servicing and a significant amount of capital expenditures may be in foreign currencies. As a consequence thereof, subsidiaries may enter into derivative contracts which are designated as either cash flow hedges or fair value hedges, as appropriate, but which does not include the hedging of forecasted transactions as it is not considered economical.

Financial risk factors – Equities and securities risk

In general, the Group does not hold or acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

Financial risk factors – Capital structure

The Group's objectives when managing capital are to secure the Group's ongoing financial needs to continue as a going concern as well as to cater for its growth targets in order to provide returns to shareholders and benefits for other stakeholders and to maintain a cost-efficient and risk-optimized capital structure.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions, its business activities, investment and expansion program and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital, among others, on the basis of both the ratio of funds from operations as a percentage of net financial debt and gearing.

Funds from operations is calculated as net income plus depreciation and amortization as shown in the consolidated statement of income. Net financial debt is calculated as financial liabilities less cash and cash equivalents and marketable securities as shown in the consolidated balance sheet.

Gearing is calculated as net financial debt divided by total shareholders' equity as shown in the consolidated balance sheet.

During 2007, the Group's target, which was unchanged from 2006, was to maintain a ratio of funds from operations as a percentage of net financial debt of at least 25 percent and a gearing in the range of no more than 100 percent in order to maintain a solid investment grade rating.

The increase in the ratio funds from operations/net financial debt was mainly caused by significantly increased net income and the conversion of convertible bonds into equity.

The decrease in the gearing arose largely as a result of higher total shareholders' equity. The shareholders' equity increased by 17.2 percent during 2007 mainly as a consequence of significantly increased net income and the conversions of the convertible bonds.

Million CHF	2007	2006
Net income	4,545	2,719
Depreciation and amortization	1,919	1,723
Funds from operations	6,464	4,442
Financial liabilities	16,245	16,060
Cash and cash equivalents and marketable securities	(3,372)	(3,223)
Net financial debt	12,873	12,837
Funds from operations/net financial debt	**50.2%**	**34.6%**

Million CHF	2007	2006
Financial liabilities	16,245	16,060
Cash and cash equivalents and marketable securities	(3,372)	(3,223)
Net financial debt	12,873	12,837
Total shareholders' equity	21,945	18,725
Gearing	**58.7%**	**68.6%**

Financial risk factors – Credit risk
Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk the Group periodically assesses the financial reliability of customers.

Credit risks, or the risk of counterparties defaulting, are constantly monitored. Counterparties to financial instruments consist of a large number of major financial institutions. The Group does not expect any counterparties to fail to meet their obligations, given their high credit ratings. In addition, Holcim has no significant concentration of credit risk with any single counterparty or group of counterparties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Accounting for derivative financial instruments and hedging activities
Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a firm commitment (cash flow hedge) or (d) a hedge of a net investment in a foreign entity.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized in equity. Where the firm commitment results in the recognition of an asset, for example, property, plant and equipment, or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments, or hedged firm commitments, affect the income statement.

Changes in the fair value of derivatives that are designated and qualify as net investment hedges and that are highly effective are recognized in equity and included in cumulative translation differences. The amounts deferred in equity are transferred to the income statement on disposal of the foreign entity.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. In the case of a fair value hedge, however, the adjustment to the carrying amount of the hedged item is amortized to net profit or loss from the moment it ceases to be adjusted for in changes to fair value, with it being fully amortized by maturity date.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or to investments in foreign entities. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items including translation gains and losses in hedged foreign investments.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 21 and 28. Movements in the cash flow hedging reserve and available-for-sale equity reserve are shown in the statement of changes in consolidated equity of Group Holcim.

Fair value estimation

The fair value of publicly traded derivatives and available-for-sale assets is generally based on quoted market prices at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair values for the remaining financial instruments.

The amortized cost for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Notes to the consolidated financial statements

1 Changes in the scope of consolidation

The scope of consolidation has been affected mainly by the following additions and disposals made during 2007 and 2006:

Disposed of in 2007	Effective as at
Group Holcim South Africa	June 5, 2007

Newly included in 2006	Effective as at
UK: Foster Yeoman Limited	September 7, 2006
USA: Meyer Material Company	July 21, 2006
India: Ambuja Cements Ltd.	May 3, 2006
India: ACC Limited	January 24, 2006

On June 5, 2007, Holcim disposed of 85 percent of its direct interest in the parent of the **Group Holcim South Africa** in the context of a Black Economic Empowerment transaction.

Since the date of the disposal, Group Holcim South Africa has been accounted for as an associate based on its 15 percent interest in accordance with IAS 28 using the equity method of accounting due to significant influence.

Assets and liabilities of Group Holcim South Africa at the date of disposal

Million CHF	
Cash and cash equivalents	66
Other current assets	165
Property, plant and equipment	298
Other assets	30
Short-term liabilities	(169)
Long-term provisions	(54)
Other long-term liabilities	(62)
Net assets	**274**
Minority interest	(154)
Net assets disposed	**120**
Total selling price	**1,278**
Cash	713
Loan notes	565

The sale of the shareholding resulted in a capital gain of CHF 1,110 million. Additionally, a special dividend of CHF 150 million net was received from the Group Holcim South Africa.

Business combinations individually not material are included in aggregate in note 38.

On September 7, 2006, Holcim acquired, through its wholly owned subsidiary Aggregate Industries Holdings Limited, the entire issued share capital of **Foster Yeoman Limited**, a privately-held UK heavy building materials group.

The identifiable assets and liabilities arising from the acquisition are as follows:

Assets and liabilities arising from the acquisition of Foster Yeoman Limited (consolidated)

Million CHF	Fair value	Carrying amount
Current assets	153	153
Property, plant and equipment	602	230
Other assets	7	30
Short-term liabilities	(213)	(113)
Long-term provisions	(110)	(43)
Other long-term liabilities	(141)	(139)
Net assets	**298**	**118**
Minority interest	0	
Net assets acquired	**298**	
Total purchase consideration (cash)	**668**	
Fair value of net assets acquired	298	
Goodwill	**370**	

The goodwill is attributable to the favorable presence that Foster Yeoman Limited enjoys in the UK, including the good location and strategic importance of the mineral reserves and synergies that are expected to arise from the acquisition.

Foster Yeoman Limited contributed net income of CHF 1 million to the Group for the period from September 7, 2006 to December 31, 2006. If the acquisition had occurred on January 1, 2006, Group net sales and net income would have been CHF 388 million and CHF 20 million higher, respectively.

On July 21, 2006, Aggregate Industries Inc., a wholly owned subsidiary of Holcim Ltd, acquired 100 percent of **Meyer Material Company** in the US from a private-equity company.

The identifiable assets and liabilities arising from the acquisition are as follows:

Assets and liabilities arising from the acquisition of Meyer Material Company (consolidated)

Million CHF	Fair value	Carrying amount
Current assets	54	69
Property, plant and equipment	297	135
Other assets	5	4
Short-term liabilities	(58)	(35)
Long-term provisions	(58)	(6)
Other long-term liabilities	0	0
Net assets	**240**	**167**
Minority interest	0	
Net assets acquired	**240**	
Total purchase consideration (cash)	**291**	
Fair value of net assets acquired	240	
Goodwill	**51**	

The goodwill is attributable to the favorable presence that Meyer Material Company enjoys in the US and synergies that are expected to arise from the acquisition.

Meyer Material Company contributed net income of CHF 2 million to the Group for the period from July 21, 2006 to December 31, 2006. If the acquisition had occurred on January 1, 2006, Group net sales would have been CHF 122 million higher. Net income would have been reduced by CHF 9 million which reflects the expected seasonal lower first half-year trading results of Meyer Material Company.

Holcim took control of **Ambuja Cements Ltd.** (formerly Gujarat Ambuja Cements Ltd.) on May 3, 2006, when it obtained the power to cast the majority of votes at meetings of the Board of Directors. Between January 28, 2006 and May 3, 2006, however, it was accounted for under the equity method as the Group was only able to exercise significant influence over the company. On the date Holcim acquired control it held 14.8 percent and an additional obligation (put) to acquire 0.7 percent of the ordinary shares of Ambuja Cements Ltd.

The identifiable assets and liabilities arising from the acquisition of control are as follows:

Assets and liabilities arising from the acquisition of control of Ambuja Cements Ltd. (consolidated)

Million CHF	Fair value	Carrying amount
Current assets	268	231
Property, plant and equipment	1,124	681
Other assets	842	386
Short-term liabilities	(215)	(184)
Long-term provisions[1]	(424)	(111)
Other long-term liabilities	(188)	(189)
Net assets	**1,407**	**814**
Minority interest	(1,189)	
Net assets acquired	**218**	
Total purchase consideration (cash)	**620**	
Fair value of net assets acquired	218	
Goodwill	**402**	

[1] Fair value includes contingent liabilities of CHF 16 million (carrying amount 0).

The goodwill is attributable mainly to the strong market position that the acquired company enjoys in India and the favorable growth potential.

Ambuja Cements Ltd. contributed net income of CHF 122 million to the Group for the period from May 3, 2006 to December 31, 2006. If the acquisition of control had occurred on January 1, 2006, Group net sales and net income would have been CHF 372 million and CHF 92 million higher, respectively.

Holcim took control of **ACC Limited** (formerly The Associated Cement Companies Ltd.) on January 24, 2006, when it obtained the power to cast the majority of votes at meetings of the Board of Directors. Until that date, however, it was accounted for under the equity method as the Group was only able to exercise significant influence over the company. On the date Holcim acquired control it held 33.5 percent of the ordinary shares of ACC Limited through Ambuja Cement India Ltd. in which Holcim held 67 percent of the ordinary shares.

The identifiable assets and liabilities arising from the acquisition of control are as follows:

Assets and liabilities arising from the acquisition of control of ACC Limited (consolidated)

Million CHF	Fair value	Carrying amount
Current assets	596	490
Property, plant and equipment	1,591	890
Other assets	322	35
Short-term liabilities	(377)	(362)
Long-term provisions[1]	(442)	(111)
Other long-term liabilities	(393)	(351)
Net assets	**1,297**	**591**
Minority interest	(864)	
Net assets acquired	**433**	
Total purchase consideration (cash)	**669**	
Fair value of net assets acquired	433	
Goodwill	**236**	

[1] Fair value includes contingent liabilities of CHF 97 million (carrying amount 0).

The goodwill is attributable mainly to the strong market position that the acquired company enjoys in India and the favorable growth potential.

ACC Limited contributed net income of CHF 244 million to the Group for the period from January 24, 2006 to December 31, 2006. If the acquisition of control had occurred on January 1, 2006, Group net sales and net income would have been CHF 117 million and CHF 6 million higher, respectively.

An overview of the subsidiaries, joint ventures and associated companies is included in section "Principal companies" on pages 162 to 164.

2 Foreign currencies

The following table summarizes the principal exchange rates that have been used for translation purposes.

	Statement of income Average exchange rate in CHF			Balance sheet Year-end exchange rate in CHF		
	2007	2006	±%	2007	2006	±%
1 EUR	1.65	1.58	+4.4	1.66	1.61	+3.1
1 GBP	2.40	2.31	+3.9	2.25	2.40	–6.3
1 USD	1.20	1.25	–4.0	1.13	1.22	–7.4
1 CAD	1.12	1.11	+0.9	1.15	1.05	+9.5
100 MXN	11.00	11.50	–4.3	10.32	11.24	–8.2
1 ZAR	0.17	0.19	–10.5	0.17	0.17	–
100 INR	2.91	2.77	+5.1	2.86	2.75	+4.0
100 THB	3.51	3.32	+5.7	3.32	3.44	–3.5
1,000 IDR	0.13	0.14	–7.1	0.12	0.14	–14.3
100 PHP	2.61	2.45	+6.5	2.74	2.49	+10.0
1 AUD	1.01	0.95	+6.3	0.99	0.97	+2.1

3 Segment information by region

	Europe		North America		Latin America	
	2007	2006	2007	2006	2007	2006
Statement of income, balance sheet and cash flow statement						
Million CHF						
Net sales to external customers	10,314	8,587	5,362	5,517	3,920	3,529
Net sales to other segments	87	86	3	3	90	146
Total net sales	10,401	8,673	5,365	5,520	4,010	3,675
Operating EBITDA[1]	2,399	1,966	999	1,033	1,256	1,244
Operating EBITDA margin in %	23.1	22.7	18.6	18.7	31.3	33.9
Depreciation and amortization of operating assets	(686)	(564)	(376)	(356)	(255)	(251)
Operating profit	1,713	1,402	623	677	1,001	993
Operating profit margin in %	16.5	16.2	11.6	12.3	25.0	27.0
Depreciation and amortization of non-operating assets	(2)	(4)	(3)	2	(1)	(1)
Other (expenses) income	(114)	(42)	(58)	(57)	(170)	(128)
Share of profit (loss) of associates	29	33			1	(3)
Other financial income	12	74	3	2	6	19
EBITDA	2,328	2,035	947	976	1,094	1,133
Investments in associates	164	171		1	3	29
Net operating assets	10,899	10,577	6,842	6,564	4,485	4,650
Total assets	15,930	14,903	9,791	8,993	6,004	6,018
Total liabilities	9,722	9,211	7,054	4,682	3,491	3,511
Cash flow from operating activities	1,661	1,465	653	532	550	771
Cash flow margin in %	16.0	16.9	12.2	9.6	13.7	21.0
Acquisition cost segment assets[2]	1,221	984	1,544	665	420	429
Cash flow used in investing activities[3]	(1,253)	(1,764)	(1,927)	(909)	(402)	(192)
Impairment loss	(20)	(4)			(14)	
Capacity and sales						
Million t						
Annual production capacity cement	48.9	46.9	22.3	22.1	34.0	35.3
Sales of cement	34.3	32.9	16.4	17.7	26.6	25.9
Sales of mineral components	2.4	2.2	2.3	2.4		
Sales of aggregates	108.8	95.4	56.9	65.1	12.5	12.7
Sales of asphalt	6.8	6.0	8.0	9.3		
Million m^3						
Sales of ready-mix concrete	19.8	20.0	7.3	7.0	10.6	10.1
Personnel						
Number of personnel	22,905	22,006	11,190	11,268	13,409	12,234

[1] Earnings before interest (financial expenses less interest earned on cash and marketable securities), taxes, depreciation and amortization.
[2] Property, plant and equipment and intangible assets.
[3] Net investments in property, plant and equipment, intangible assets and financial assets.

	Africa Middle East		Asia Pacific		Corporate/Eliminations		Total Group	
	2007	2006	2007	2006	2007	2006	2007	2006
	1,761	2,003	5,695	4,333			27,052	23,969
	70	83	597	412	(847)	(730)		
	1,831	2,086	6,292	4,745	(847)	(730)	27,052	23,969
	653	692	1,844	1,366	(221)	(215)	6,930	6,086
	35.7	33.2	29.3	28.8			25.6	25.4
	(76)	(90)	(503)	(433)	(10)	(7)	(1,906)	(1,701)
	577	602	1,341	933	(231)	(222)	5,024	4,385
	31.5	28.9	21.3	19.7			18.6	18.3
		(1)	(3)	(3)	(4)	(15)	(13)	(22)
	(32)	(40)	61	(27)	1,555	391	1,242	97
	1		7	11	221	48	259	89
	2	2	3	3	(2)	(61)	24	39
	624	655	1,918	1,356	1,557	178	8,468	6,333
	2	2	61	38	579	486	809	727
	1,170	1,042	9,012	7,952	155	48	32,563	30,833
	2,265	2,444	13,008	11,635	1,213	709	48,211	44,702
	1,433	1,386	3,865	3,989	701	3,198	26,266	25,977
	542	515	1,491	1,054	426	86	5,323	4,423
	29.6	24.7	23.7	22.2			19.7	18.5
	424	401	1,673	742	14	13	5,296	3,234
	(475)	(379)	(493)	(342)	(1,015)	(795)	(5,565)	(4,381)
			(1)				(35)	(4)
	13.9	17.7	78.7	75.8			197.8	197.8
	14.5	15.3	64.9	55.0	(7.1)	(6.1)	149.6	140.7
	0.2	0.8	0.6	0.6			5.5	6.0
	5.7	11.2	4.0	3.2			187.9	187.6
							14.8	15.3
	1.7	2.5	5.8	4.6			45.2	44.2
	2,795	5,218	38,133	37,212	932	845	89,364	88,783

4 Segment information by product

	Cement[1]	
	2007	2006
Statement of income, balance sheet and cash flow statement		
Million CHF		
Net sales to external customers	15,882	13,931
Net sales to other segments	1,341	1,279
Total net sales	17,223	15,210
Operating EBITDA	5,616	4,957
Operating EBITDA margin in %	32.6	32.6
Operating profit	4,385	3,832
Net operating assets	21,650	19,917
Acquisition cost segment assets[2]	4,247	2,428
Cash flow used in investing activities[3]	(4,252)	(1,836)
Personnel		
Number of personnel	57,671	57,878

[1] Cement, clinker and other cementitious materials.
[2] Property, plant and equipment and intangible assets.
[3] Net investments in property, plant and equipment, intangible assets and financial assets.

	Aggregates		Other construction materials and services		Corporate/Eliminations		Total Group	
	2007	2006	2007	2006	2007	2006	2007	2006
	2,208	2,000	8,962	8,038			27,052	23,969
	982	964	573	565	(2,896)	(2,808)		
	3,190	2,964	9,535	8,603	(2,896)	(2,808)	27,052	23,969
	649	614	665	515			6,930	6,086
	20.3	20.7	7.0	6.0			25.6	25.4
	304	301	335	252			5,024	4,385
	6,415	6,343	4,498	4,573			32,563	30,833
	529	342	503	415	17	49	5,296	3,234
	(529)	(899)	(668)	(756)	(116)	(890)	(5,565)	(4,381)
	7,000	7,136	24,567	23,724	126	45	89,364	88,783

5 Change in consolidated net sales

Million CHF	2007	2006
Volume and price	1,933	1,647
Change in structure	759	3,608
Currency translation effects	391	246
Total	**3,083**	**5,501**

6 Production cost of goods sold

Million CHF	2007	2006
Material expenses	(4,448)	(3,782)
Fuel expenses	(1,339)	(1,071)
Electricity expenses	(1,312)	(1,152)
Personnel expenses	(2,055)	(2,054)
Depreciation and amortization	(1,480)	(1,411)
Other production expenses	(3,393)	(3,047)
Change in inventory	(46)	(99)
Total	**(14,073)**	**(12,616)**

7 Distribution and selling expenses

Million CHF	2007	2006
Distribution expenses	(5,347)	(4,723)
Selling expenses	(803)	(635)
Total	**(6,150)**	**(5,358)**

8 Summary of depreciation and amortization

Million CHF	2007	2006
Production facilities	(1,480)	(1,411)
Distribution and sales facilities	(305)	(214)
Administration facilities	(121)	(76)
Total depreciation and amortization of operating assets (A)	**(1,906)**	**(1,701)**
Impairment of investments in associates	(1)	(10)
Ordinary depreciation of non-operating assets	(5)	(4)
Unusual write-offs	(7)	(8)
Total depreciation and amortization of non-operating assets (B)	**(13)**	**(22)**
Total depreciation and amortization (A+B)	**(1,919)**	**(1,723)**
Of which depreciation of property, plant and equipment	(1,745)	(1,581)

9 Change in consolidated operating EBITDA

Million CHF	2007	2006
Volume, price and cost	660	611
Change in structure	110	809
Currency translation effects	74	39
Total	**844**	**1,459**

10 Other income

Million CHF	2007	2006
Dividends earned	6	9
Other ordinary income net	1,249	110
Depreciation and amortization of non-operating assets	(13)	(22)
Total	**1,242**	**97**

In 2007, the position other ordinary income net mainly includes the gain on the sale of Group Holcim South Africa and gains on the disposal of property, plant and equipment.

11 Financial income

Million CHF	2007	2006
Interest earned on cash and marketable securities	203	149
Other financial income	24	39
Total	**227**	**188**

The position other financial income relates primarily to income from loans and receivables.

12 Financial expenses

Million CHF	2007	2006
Interest expenses	(902)	(869)
Fair value changes on financial instruments	(21)	(147)
Amortized discounts on bonds and private placements	4	(11)
Other financial expenses	(105)	(62)
Foreign exchange (loss) gain net	(31)	113
Financial expenses capitalized	49	14
Total	**(1,006)**	**(962)**
Of which to associates	(2)	(1)

The average rate of interest of financial liabilities at December 31, 2007 was 5.1 percent (2006: 5).

The positions interest expenses and other financial expenses relate primarily to financial liabilities measured at amortized cost.

The position financial expenses capitalized comprises interest expenditures on large-scale projects during the year.

The position fair value changes on financial instruments includes a charge of CHF 21 million (2006: 128) on the USD convertible bonds. The revised IFRS effective January 1, 2005 require in connection with convertible bonds in foreign currencies that changes in the fair value of the conversion option rights are charged to the income statement. In 2006, these changes were driven by the weaker USD exchange rate against the CHF and the increase of the underlying Holcim share price.

Interest rate sensitivity

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial liabilities at variable interest rates on a post hedge basis.

The Group's sensitivity analysis has been determined based on the interest rate exposure as at December 31. A 1 percent change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

At December 31, a ±1 percent shift in interest rates, with all other assumptions held constant, would result in approximately CHF 69 million (2006: 68) of annual additional/lower financial expenses before tax on a post hedge basis. The Group's sensitivity to interest rates remained on the same level compared to prior year.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

Foreign currency sensitivity

Transaction exposure arises on monetary financial assets and liabilities that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group's sensitivity analysis has been determined based on the Group's net transaction exposure as at December 31. A 5 percent change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign exchange rates.

At December 31, a ±5 percent shift in the USD against the currencies the Group operates in would result in approximately CHF 32 million (2006: 31) of annual additional/lower foreign exchange gains (losses) net before tax on a post hedge basis in the income statement. The Group's sensitivity to foreign currency remained on the same level compared to prior year.

A ±5 percent change in the CHF, EUR and GBP against the respective currencies would only have an immaterial impact on foreign exchange gains before tax on a post hedge basis in both the current and prior year.

Impacts on equity due to derivative instruments are considered as not material based on the shareholders' equity of Group Holcim.

13 Income taxes

Million CHF	2007	2006
Current taxes	(1,255)	(1,086)
Deferred taxes	54	8
Total	**(1,201)**	**(1,078)**

Deferred tax by type

Million CHF	2007	2006
Property, plant and equipment	94	(62)
Provisions	(11)	(35)
Tax losses carryforward	(57)	4
Other	28	101
Total	**54**	**8**

Reconciliation of tax rate

	2007	2006
Group's expected tax rate	**28%**	**30%**
Effect of non-deductible items and income taxed at different tax rates	(7%)	(3%)
Increase of unrecognized tax loss carryforwards	1%	1%
Other items	(1%)	0%
Group's effective tax rate	**21%**	**28%**

The Group's expected tax rate is a weighted average tax rate based on profits (losses) before taxes of the Group companies. The reduction is based in particular on lower statutory tax rates in certain countries and a change of the relative weight of the profit of the Group companies.

The Group's effective tax rate in 2007 is substantially impacted by tax free capital gains from divestments to third parties.

14 Research and development

Research and development expenses continue to be limited to the existing product range and to investigating production processes and environmental protection. Basic research costs of CHF 27 million (2006: 25) were charged directly to the consolidated statement of income. No significant costs were incurred for licenses obtained from third parties, nor was any major revenue generated from licenses granted.

15 Earnings per share

	2007	2006
Basic earnings per share in CHF	**14.86**	**8.64**
Net income – equity holders of Holcim Ltd – as per income statement (in million CHF)	3,865	2,104
Weighted average number of shares outstanding	260,128,448	243,449,051
Fully diluted earnings per share in CHF	**14.73**	**8.50**
Net income – equity holders of Holcim Ltd – as per income statement (in million CHF)	3,865	2,104
Elimination of financial expenses on convertible debt (in million CHF)	5	25
Net income used to determine diluted earnings per share (in million CHF)	3,870	2,129
Weighted average number of shares outstanding	260,128,448	243,449,051
Adjustment for assumed conversion of convertible debt	2,373,244	6,862,193
Adjustment for assumed exercise of share options	215,777	164,144
Weighted average number of shares for diluted earnings per share	262,717,469	250,475,388

In conformity with the decision taken at the annual general meeting on May 4, 2007, a dividend related to 2006 of CHF 2.00 per registered share has been paid on May 10, 2007. This resulted in a total ordinary dividend payment of CHF 522 million.

16 Cash and cash equivalents

Million CHF	2007	2006
Cash at banks and in hand	832	1,192
Short-term deposits	2,513	2,016
Total	**3,345**	**3,208**

Cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks, other short-term highly liquid investments.

17 Accounts receivable

Million CHF		2007		2006
Accounts receivable – trade	3,050		3,089	
./. Allowances for doubtful accounts	(171)	2,879	(178)	2,911
Accounts receivable – associates		118		94
Other receivables		1,071		648
Derivative assets		5		6
Total		**4,073**		**3,659**
Of which pledged/restricted		128		15
Of which overdue				
Within 90 days		922		701
90 to 180 days		121		72
Thereafter		122		119
Total overdue		**1,165**		**892**

Due to the local nature of the business, specific terms and conditions for accounts receivable trade exist for local Group companies and as such Group guidelines are not required.

The overdue amounts relate to receivables where payment terms specified in the terms and conditions established with Holcim customers have been exceeded.

Allowance for doubtful accounts

Million CHF	2007	2006
January 1	**(178)**	**(175)**
Change in structure	6	(20)
Allowance recognized	(36)	(28)
Amounts used during the year	3	14
Unused amounts reversed during the year	15	8
Currency translation effects	19	23
December 31	**(171)**	**(178)**

18 Inventories

Million CHF	2007	2006
Raw materials and additives	332	364
Semifinished and finished products	1,155	1,024
Fuels	348	261
Parts and supplies	631	574
Unbilled services	69	59
Total	**2,535**	**2,282**

In 2007, the Group recognized inventory write-downs to net realizable value of CHF 1 million (2006: 3). The carrying amount of inventories carried at net realizable value was CHF 60 million (2006: 60).

19 Financial assets

Million CHF	2007	2006
Financial investments – third parties	132	153
Long-term receivables – associates	134	133
Long-term receivables – third parties	358	398
Derivative assets	15	5
Total	**639**	**689**
Of which pledged/restricted	0	1

The fair value of long-term receivables amounted to CHF 470 million (2006: 485).

Long-term receivables and derivative assets are primarily denominated in EUR, GBP, USD and the repayment dates vary between one and 37 years.

20 Investments in associates

Million CHF	2007	2006
January 1	**727**	**1,391**
Share of profit of associates	259	89
Dividends earned	(228)	(63)
Acquisitions net	62	578
Reclassification	0	(1,230)
Currency translation effects	(11)	(38)
December 31	**809**	**727**

In 2006, the item "Reclassification" included a decrease of CHF 1,230 million relating to the first-time consolidation of ACC Limited and Ambuja Cements Ltd. in India when Holcim acquired control on January 24, 2006 and on May 3, 2006, respectively.

Sales to and purchases from associates amounted to CHF 137 million (2006: 197) and CHF 32 million (2006: 88), respectively.

The following amounts represent the Group's share of assets, liabilities, sales and net income of associates:

Aggregated financial information – associates

Million CHF	2007	2006
Total assets	1,906	1,393
Total liabilities	(1,097)	(666)
Net assets	**809**	**727**
Net sales	1,201	839
Net income	70	56

21 Derivative assets

Included in financial assets (note 19) are derivative assets with maturities exceeding one year; derivative assets with maturities of one year are included in accounts receivable (note 17).

Derivative assets

Million CHF	Fair value 2007	Nominal amount 2007	Fair value 2006	Nominal amount 2006
Fair value hedges				
Interest rate	15	666	8	624
Currency	0	0	0	0
Cross-currency	0	0	0	0
Total fair value hedges	**15**	**666**	**8**	**624**
Cash flow hedges				
Interest rate	0	26	3	148
Currency	1	163	0	0
Cross-currency	0	0	0	0
Total cash flow hedges	**1**	**189**	**3**	**148**
Net investment hedges				
Currency	0	0	0	0
Cross-currency	0	0	0	0
Total net investment hedges	**0**	**0**	**0**	**0**
Held for trading				
Interest rate	0	0	0	0
Currency	4	334	0	0
Cross-currency	0	0	0	0
Total held for trading	**4**	**334**	**0**	**0**
Grand total	**20**	**1,189**	**11**	**772**

Million CHF	Fair value 2007	Fair value 2006
Derivative assets related to fair value hedges have the following maturities:		
Within 1 year	0	3
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	10	0
Within 5 years	2	5
Thereafter	3	0
Total	**15**	**8**
Derivative assets related to cash flow hedges have the following maturities:		
Within 1 year	1	3
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**1**	**3**
Derivative assets related to net investment hedges have the following maturities:		
Within 1 year	0	0
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**0**	**0**
Held for trading derivative assets have the following maturities:		
Within 1 year	4	0
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**4**	**0**
Grand total	**20**	**11**

Certain derivative transactions, while fitting into the general risk management approach of minimizing potential adverse effects of the unpredictability of financial markets, do not qualify for hedge accounting under the specific rules of IAS 39. As such, they have been classified as held for trading.

The fair values approximate to the future discounted net cash inflows of the derivatives.

22 Property, plant and equipment

Million CHF	Land	Buildings, installations	Machines	Furniture, vehicles, tools	Construction in progress	Total
2006						
Net book value as at January 1	**5,247**	**3,800**	**8,558**	**1,035**	**1,127**	**19,767**
Change in structure	793	627	1,661	376	158	3,615
Additions	61	31	206	52	2,203	2,553
Disposals	(100)	(12)	(20)	(16)	(1)	(149)
Transferred from construction in progress	76	236	696	283	(1,291)	0
Depreciation	(127)	(252)	(926)	(276)	0	(1,581)
Impairment loss (charged to income)	(1)	(1)	(2)	0	0	(4)
Currency translation effects	(30)	(87)	(198)	(10)	(45)	(370)
Net book value as at December 31	**5,919**	**4,342**	**9,975**	**1,444**	**2,151**	**23,831**
At cost of acquisition	6,615	7,973	19,230	3,331	2,151	39,300
Accumulated depreciation	(696)	(3,631)	(9,255)	(1,887)	0	(15,469)
Net book value as at December 31	**5,919**	**4,342**	**9,975**	**1,444**	**2,151**	**23,831**
Net asset value of leased property, plant and equipment						193
Of which pledged/restricted						2,660
2007						
Net book value as at January 1	**5,919**	**4,342**	**9,975**	**1,444**	**2,151**	**23,831**
Change in structure	(121)	69	166	22	40	176
Additions	48	148	298	89	3,047	3,630
Disposals	(116)	(46)	(34)	(32)	(9)	(237)
Transferred from construction in progress	40	930	662	381	(2,013)	0
Depreciation	(150)	(308)	(966)	(321)	0	(1,745)
Impairment loss (charged to income)	(1)	(5)	(12)	(3)	(6)	(27)
Currency translation effects	(229)	(55)	(244)	(22)	(67)	(617)
Net book value as at December 31	**5,390**	**5,075**	**9,845**	**1,558**	**3,143**	**25,011**
At cost of acquisition	6,226	9,036	19,550	3,582	3,143	41,537
Accumulated impairment/depreciation	(836)	(3,961)	(9,705)	(2,024)	0	(16,526)
Net book value as at December 31	**5,390**	**5,075**	**9,845**	**1,558**	**3,143**	**25,011**
Net asset value of leased property, plant and equipment						196
Of which pledged/restricted						2,030

The net book value of CHF 25,011 million (2006: 23,831) represents 60.2 percent (2006: 60.6) of the original cost of all assets. At December 31, 2007, the fire insurance value of property, plant and equipment amounted to CHF 33,670 million (2006: 27,514). Net gains on sale of property, plant and equipment amounted to CHF 105 million (2006: 70).

Included in land, buildings and installations is investment property with a net book value of CHF 92 million (2006: 83). The fair value of this investment property amounted to CHF 117 million (2006: 112). Rental income related to investment property amounted to CHF 2 million (2006: 2).

Non-current assets held for sale of CHF 44 million (2006: 119) are included in the balance sheet item “Prepaid expenses and other current assets”.

23 Intangible and other assets

Million CHF	Goodwill	Other intangible assets	Total
2006			
Net book value as at January 1	**6,500**	**432**	**6,932**
Change in structure	1,081	675	1,756
Additions	619	62	681
Disposals	0	0	0
Amortization	0	(120)	(120)
Impairment loss (charged to income)	0	0	0
Currency translation effects	(60)	(4)	(64)
Net book value as at December 31	**8,140**	**1,045**	**9,185**
At cost of acquisition	8,140	1,520	9,660
Accumulated amortization	0	(475)	(475)
Net book value as at December 31	**8,140**	**1,045**	**9,185**
Other assets net			**234**
Total			**9,419**
2007			
Net book value as at January 1	**8,140**	**1,045**	**9,185**
Change in structure	205	25	230
Additions	1,602	64	1,666
Disposals	(2)	(12)	(14)
Amortization	0	(131)	(131)
Impairment loss (charged to income)	(8)	0	(8)
Currency translation effects	(162)	20	(142)
Net book value as at December 31	**9,775**	**1,011**	**10,786**
At cost of acquisition	9,783	1,617	11,400
Accumulated impairment/amortization	(8)	(606)	(614)
Net book value as at December 31	**9,775**	**1,011**	**10,786**
Other assets net			**290**
Total			**11,076**

The other intangible assets included above have finite useful lives, over which the assets are amortized.

Included in the additions "Goodwill" for 2007 is the goodwill resulting from the minority buyouts in both India and Canada.

Impairment tests for goodwill

For the purpose of impairment testing, goodwill is allocated to a cash generating unit or to a group of cash generating units that are expected to benefit from the synergies of the respective business combination. The Group's cash generating units are defined on the basis of geographical market, normally country-related. The carrying amount of goodwill allocated to the countries or regions stated below is significant in comparison with the total carrying amount of goodwill, while the carrying amount of goodwill allocated to the other cash generating units is individually not significant.

For the impairment test, the recoverable amount of a cash generating unit, which has been determined based on value-in-use, is compared to its carrying amount. An impairment loss is only recognized if the carrying amount of the cash generating unit exceeds its recoverable amount. Future cash flows are discounted using the weighted average cost of capital (WACC) adjusted for country-specific inflation risks.

The cash flow projections are based on a four-year financial planning period approved by management. Cash flows beyond the four-year budget period are extrapolated based either on steady or increasing sustainable cash flows. In any event, the growth rate of the four-year budget period does not exceed the long-term average growth rate for the relevant market in which the cash generating unit operates.

In respect of the goodwill allocated to "Others" the same impairment model and parameters are used as is the case with individually significant goodwill positions, except that different key assumptions are used depending on the risks associated with the respective cash generating units.

Key assumptions used for value-in-use calculations in respect of goodwill 2007

Cash generating unit	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
Million CHF	Total 2007			
India	2,199	INR	12.9%	6.9%
North America	2,127	USD	8.3%	3.0%
United Kingdom	1,287	GBP	9.0%	2.3%
Mexico	540	MXN	11.0%	3.9%
Others[1]	3,622	Various	7.8%–16.5%	1.5%–8.6%
Total	**9,775**			

Key assumptions used for value-in-use calculations in respect of goodwill 2006

Cash generating unit	Carrying amount of goodwill	Currency	Pre-tax discount rate	Long-term GDP growth rate
Million CHF	Total 2006			
North America	1,630	USD	9.1%	2.9%
United Kingdom	1,348	GBP	8.9%	2.4%
India	1,165	INR	13.3%	6.1%
Mexico	582	MXN	11.0%	3.8%
Others[1]	3,415	Various	7.4%–17.1%	1.5%–7.0%
Total	**8,140**			

[1] Individually not significant.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of a cash generating unit or a group of cash generating units, management believes that a reasonably possible change in the pre-tax discount rate of 1 percentage point would not cause the carrying amount of a cash generating unit or a group of cash generating units to materially exceed its recoverable amount.

24 Joint ventures

The following amounts represent the effect of proportionate consolidated assets, liabilities and sales and results of significant joint ventures disclosed on pages 162 and 163.

The amounts are included in the consolidated balance sheet and statement of income.

Balance sheet

Million CHF	2007	2006
Current assets	372	309
Long-term assets	1,606	1,359
Total assets	**1,978**	**1,668**
Short-term liabilities	464	641
Long-term liabilities	727	249
Total liabilities	**1,191**	**890**
Net assets	**787**	**778**

Statement of income

Million CHF	2007	2006
Net sales	**1,217**	**1,070**
Operating profit	**335**	**308**
Net income from joint ventures	**275**	**227**

Sales to and purchases from significant joint ventures amounted to CHF 75 million (2006: 75) and CHF 182 million (2006: 144), respectively.

25 Trade accounts payable

Million CHF	2007	2006
Trade accounts payable – associates	17	14
Trade accounts payable – third parties	2,690	2,353
Advance payments from customers	217	201
Total	**2,924**	**2,568**

Trade accounts payable are due within one year and the future contractual cash outflows approximate to their carrying amount.

26 Current financial liabilities

Million CHF	2007	2006
Current financial liabilities – associates	14	13
Current financial liabilities – third parties	2,936	2,551
Current portion of long-term financial liabilities	660	1,014
Derivative liabilities	6	12
Total	**3,616**	**3,590**

The fair values of current financial liabilities are not materially different from their carrying amounts.

27 Long-term financial liabilities

Million CHF	2007	2006
Long-term financial liabilities – associates	1	8
Long-term financial liabilities – third parties	12,605	12,435
Derivative liabilities	23	27
Total	**12,629**	**12,470**
Of which secured	352	129

Details of total financial liabilities

Million CHF	2007	2006
Loans from financial institutions	8,091	7,405
Outstanding bonds and private placements	7,936	8,408
Total loans and bonds	**16,027**	**15,813**
Obligations under finance leases (note 27)	189	208
Derivative liabilities (note 28)	29	39
Total	**16,245**	**16,060**
Current financial liabilities (note 26)	3,616	3,590
Long-term financial liabilities	12,629	12,470

Loans from financial institutions include amounts due to banks and other financial institutions. Interest rates on these amounts, which are primarily denominated in EUR, GBP and USD, average approximately 5.2 percent[1] (2006: 5.1[1]). Repayment dates vary between one and 12 years. CHF 3,221 million (2006: 3,154) are due within one year.

Unutilized credit lines totaled CHF 8,194 million (2006: 8,332) at year-end 2007, of which CHF 5,471 million (2006: 5,435) are committed.

The fair values of long-term financial liabilities amount to CHF 12,923 million (2006: 12,905).

Total financial liabilities by currency

Currency	2007			2006		
	Million CHF	In %	Interest rate	Million CHF	In %	Interest rate
CHF	2,554	15.7	3.1	2,581	16.1	2.4
EUR	3,965	24.4	4.6	3,820	23.8	4.3
GBP	977	6.0	6.9	3,061	19.1	5.9
USD	5,911	36.4	5.4	3,905	24.3	5.4
AUD	440	2.7	7.1	431	2.7	6.7
INR	215	1.3	5.0	325	2.0	7.5
THB	278	1.7	6.4	279	1.7	6.4
NZD	190	1.2	7.6	173	1.1	8.1
Others	1,715	10.6	6.5	1,485	9.2	6.9
Total	**16,245**	**100.0**	**5.1**[2]	**16,060**	**100.0**	**5.0**[2]

Interest rate structure of total financial liabilities

Million CHF	2007	2006
Financial liabilities at fixed rates	6,769	7,490
Financial liabilities at variable rates	9,476	8,570
Total	**16,245**	**16,060**

Financial liabilities that are hedged to a fixed or floating rate are disclosed on a post hedge basis.

[1] On loans of financial institutions only.
[2] Nominal interest rate on financial liabilities at December 31.

Contractual maturity analysis

2007	Carrying amount	**Total contractual principal cash flows**	Loans from financial institutions	Outstanding bonds and private placements
Million CHF				
Within 1 year	3,563	3,574	3,178	396
Within 2 years	2,649	2,650	1,293	1,357
Within 3 years	1,650	1,668	325	1,343
Within 4 years	1,177	1,214	511	703
Within 5 years	2,775	2,721	2,140	581
Thereafter	4,213	4,194	656	3,538
Total	**16,027**	**16,021**	**8,103**	**7,918**

2006	Carrying amount	**Total contractual principal cash flows**	Loans from financial institutions	Outstanding bonds and private placements
Million CHF				
Within 1 year	3,533	**4,166**	3,082	1,084
Within 2 years	1,089	**1,217**	684	533
Within 3 years	3,461	**3,448**	2,059	1,389
Within 4 years	2,013	**2,016**	709	1,307
Within 5 years	1,320	**1,317**	580	737
Thereafter	4,397	**3,560**	277	3,283
Total	**15,813**	**15,724**	**7,391**	**8,333**

The table summarizes the maturity profile of the Group's financial liabilities excluding financial leases (note 27), derivative liabilities (note 28) and trade accounts payable (note 25) as at December 31, 2007 and 2006.

Both the carrying amount and the total contractual principal cash flows are based on contractual maturities. However, the analysis of the carrying amount does not consider any option of early repayment whereas the total contractual principal cash flows are based on the earliest date on which Holcim can be required to pay.

Future minimum lease payments

	Operating leases	Finance leases	Operating leases	Finance leases
Million CHF	2007	2007	2006	2006
Within 1 year	161	51	166	49
Within 2 years	133	40	133	46
Within 3 years	110	32	113	36
Within 4 years	96	29	98	29
Within 5 years	80	22	82	24
Thereafter	471	103	453	109
Total	**1,051**	**277**	**1,045**	**293**
Interest		(88)		(85)
Total finance leases		**189**		**208**

Total expenses for operating leases recognized in the consolidated statement of income in 2007 was CHF 184 million (2006: 170). There are no individually significant operating lease agreements.

Outstanding bonds and private placements as at December 31

Nominal value		Nominal interest rate	Effective interest rate	Term	Remarks	Net book value	Net book value
Million CHF						2007	2006
Holcim Ltd							
CHF	500	4.00%	4.33%	1998–2009	Bonds with fixed interest rate	497	496
CHF	500	2.50%	2.69%	2005–2012	Bonds with fixed interest rate	496	495
CHF	250	3.00%	3.19%	2006–2015	Bonds with fixed interest rate	247	247
CHF	400	3.13%	3.04%	2007–2017	Bonds swapped into floating interest rates at inception	390	0
Holcim Capital Corporation Ltd.							
CHF	0	3.75%		1997–2007	Bonds guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	0	165
USD	32	6.60%	6.41%	2001–2008	Private placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	36	39
USD	136	6.60%	6.65%	2001–2008	Private placement guaranteed by Holcim Ltd	153	166
USD	150	7.05%	6.70%	2001–2011	Private placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	179	188
USD	208	7.05%	7.08%	2001–2011	Private placement guaranteed by Holcim Ltd	234	253
USD	50	7.65%	7.65%	2001–2031	Private placement guaranteed by Holcim Ltd	56	61
USD	0	5.83%		2002–2007	Private placement guaranteed by Holcim Ltd	0	43
USD	105	5.93%	5.95%	2002–2009	Private placement guaranteed by Holcim Ltd	118	128
USD	65	6.59%	6.60%	2002–2014	Private placement guaranteed by Holcim Ltd	73	79
USD	100	6.59%	6.59%	2002–2014	Private placement guaranteed by Holcim Ltd	113	122
USD	0	0.00%		2002–2017	Convertible bonds guaranteed by Holcim Ltd, fully converted and redeemed in 2007	0	151
Holcim Overseas Finance Ltd.							
CHF	0	1.00%		2002–2012	Convertible bonds guaranteed by Holcim Ltd, fully converted and redeemed in 2007	0	639
CHF	300	2.75%	2.79%	2006–2011	Bonds guaranteed by Holcim Ltd	300	300
CHF	250	3.00%	3.03%	2007–2013	Bonds guaranteed by Holcim Ltd, swapped into floating interest rates at inception	252	0
Holcim Finance (Canada) Inc.							
CAD	0	5.86%		2002–2007	Private placement guaranteed by Holcim Ltd	0	110
CAD	10	6.91%	6.92%	2002–2017	Private placement guaranteed by Holcim Ltd	12	11
CAD	300	5.90%	6.10%	2007–2013	Bonds guaranteed by Holcim Ltd	344	0
Holcim Finance (Luxembourg) SA							
EUR	450	4.38%	4.48%	2003–2010	Bonds guaranteed by Holcim Ltd	744	721
EUR	300	4.38%	5.71%	2003–2010	Bonds guaranteed by Holcim Ltd, swapped into floating interest rates at inception	484	470
EUR	600	4.38%	4.45%	2004–2014	Bonds guaranteed by Holcim Ltd	990	959
Holcim Finance (Australia) Pty Ltd							
AUD	175	6.50%	6.79%	2006–2009	Bonds guaranteed by Holcim Ltd	173	168
AUD	85	7.48%	7.52%	2006–2009	Bonds guaranteed by Holcim Ltd, floating interest rates	84	82
Holcim Capital (Thailand) Ltd.							
THB	3,000	6.12%	6.30%	2005–2008	Bonds guaranteed by Holcim Ltd	100	103
THB	2,150	6.48%	6.59%	2005–2010	Bonds guaranteed by Holcim Ltd	71	74
THB	2,450	6.69%	6.78%	2005–2012	Bonds guaranteed by Holcim Ltd	81	84
Holcim US Finance S.à r.l. & Cie S.C.S.							
USD	200	6.21%	6.24%	2006–2018	Private placement guaranteed by Holcim Ltd	225	243
USD	125	6.10%	6.14%	2006–2016	Private placement guaranteed by Holcim Ltd	140	152
USD	125	5.96%	6.01%	2006–2013	Private placement guaranteed by Holcim Ltd	140	152
Aggregate Industries Holdings Limited							
GBP	200	6.25%	5.59%	2000–2009	Bonds, partly swapped into floating rates	457	489
GBP	163	7.25%	5.81%	2001–2016	Bonds, partly swapped into floating rates	409	538
Subtotal						**7,598**	**7,928**

Nominal value		Nominal interest rate	Effective interest rate	Term	Remarks	Net book value	Net book value
Million CHF						2007	2006
Subtotal						**7,598**	**7,928**
Holcim (US) Inc.							
USD	27	3.50%	3.50%	1984–2009	Industrial revenue bonds – Midlothian	30	33
USD	5	3.60%	3.60%	1996–2031	Industrial revenue bonds – Devil's Slide	6	6
USD	22	3.56%	3.58%	1997–2027	Industrial revenue bonds – South Louisiana Port	25	27
USD	95	6.80%	6.99%	1998–2008	Private placement	107	116
USD	1	3.61%	3.61%	1999–2009	Industrial revenue bonds – Mobile	1	1
USD	15	3.42%	3.47%	1999–2031	Industrial revenue bonds – Midlothian	17	18
USD	67	3.47%	3.47%	1999–2032	Industrial revenue bonds – Mobile Dock & Wharf	75	82
USD	25	3.58%	3.64%	2003–2033	Industrial revenue bonds – Holly Hill	28	30
St. Lawrence Cement Inc.							
USD	18	3.38%	3.47%	2000–2020	Industrial revenue bonds – Canada	20	22
ACC Limited							
INR	1,000	11.50%		2000–2007	Non-convertible debentures with fixed interest rate	0	28
INR	750	9.80%		2002–2007	Non-convertible debentures with fixed interest rate	0	21
INR	500	9.50%		2002–2007	Non-convertible debentures with fixed interest rate	0	14
INR	500	8.95%		2002–2007	Non-convertible debentures with fixed interest rate	0	14
INR	250	8.95%		2002–2007	Non-convertible debentures with fixed interest rate	0	7
INR	0	1.00%		2004–2009	USD convertible bonds, 1 bond per USD 1,000 nominal amount is convertible into GDS/ACC India shares at an initial conversion price of INR 374.42 per share with a fixed exchange rate on conversion of INR 45.2425 per USD at the option of the bondholder at any time on or after April 28, 2004 until March 8, 2009, redeemable on March 19, 2009 at a redemption premium of 1.5% and a yield to maturity of 2.5%. Until December 31, 2007, all outstanding bonds have been converted into shares.	0	0
Ambuja Cements Ltd.							
INR	650	9.28%		2002–2007	Non-convertible debentures with fixed interest rate	0	18
INR	250	9.28%		2002–2007	Non-convertible debentures with fixed interest rate	0	7
INR	200	9.45%		2002–2007	Non-convertible debentures with fixed interest rate	0	6
INR	100	8.10%		2002–2007	Non-convertible debentures with fixed interest rate	0	3
INR	1,000	6.85%	6.85%	2005–2010	Non-convertible debentures with fixed interest rate	29	27
Total						**7,936**	**8,408**

28 Derivative liabilities

Included in long-term financial liabilities (note 27) are derivative liabilities with maturities exceeding one year; derivative liabilities with maturities of one year are included in current financial liabilities (note 26).

Derivative liabilities

	Fair value	Nominal amount	Fair value	Nominal amount
Million CHF	2007	2007	2006	2006
Fair value hedges				
Interest rate	16	1,010	15	884
Currency	0	0	0	0
Cross-currency	5	105	11	114
Total fair value hedges	**21**	**1,115**	**26**	**998**
Cash flow hedges				
Interest rate	1	15	8	334
Currency	1	92	2	60
Cross-currency	0	0	0	0
Total cash flow hedges	**2**	**107**	**10**	**394**
Net investment hedges				
Currency	0	0	0	0
Cross-currency	6	86	3	40
Total net investment hedges	**6**	**86**	**3**	**40**
Held for trading				
Interest rate	0	0	0	0
Currency	0	0	0	0
Cross-currency	0	0	0	0
Total held for trading	**0**	**0**	**0**	**0**
Grand total	**29**	**1,308**	**39**	**1,432**

	Fair value	Fair value
Million CHF	2007	2006
Derivative liabilities related to fair value hedges have the following maturities:		
Within 1 year	1	3
Within 2 years	0	11
Within 3 years	13	1
Within 4 years	4	11
Within 5 years	0	0
Thereafter	3	0
Total	**21**	**26**
Derivative liabilities related to cash flow hedges have the following maturities:		
Within 1 year	1	9
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	1
Thereafter	1	0
Total	**2**	**10**
Derivative liabilities related to net investment hedges have the following maturities:		
Within 1 year	4	0
Within 2 years	0	3
Within 3 years	2	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**6**	**3**
Held for trading derivative liabilities have the following maturities:		
Within 1 year	0	0
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
Thereafter	0	0
Total	**0**	**0**
Grand total	**29**	**39**

Certain derivative transactions, while fitting into the general risk management approach of minimizing potential adverse effects of the unpredictability of financial markets, do not qualify for hedge accounting under the specific rules of IAS 39. As such, they have been classified as held for trading.

The fair values approximate to the future discounted net cash outflows of the derivatives.

29 Deferred taxes

Deferred tax by type of temporary difference	2007	2006
Million CHF		
Deferred tax assets		
Property, plant and equipment	52	36
Provisions	194	189
Tax losses carryforward	270	277
Other	408	379
Total	**924**	**881**
Deferred tax liabilities		
Property, plant and equipment	3,054	3,194
Provisions	44	32
Other	422	389
Total	**3,520**	**3,615**
Deferred tax liabilities net	**2,596**	**2,734**
Reflected in the balance sheet as follows:		
Deferred tax assets	(304)	(289)
Deferred tax liabilities	2,900	3,023
Deferred tax liabilities net	**2,596**	**2,734**

Tax losses carryforward

	Loss carry-forwards 2007	Tax effect 2007	Loss carry-forwards 2006	Tax effect 2006
Million CHF				
Total tax losses carryforward	**1,396**	**416**	**1,406**	**443**
Of which reflected in deferred taxes	(858)	(270)	(884)	(277)
Total tax losses carryforward not recognized	**538**	**146**	**522**	**166**
Expiring as follows:				
1 year	19	2	33	11
2 years	7	2	0	0
3 years	8	3	2	1
4 years	4	1	7	2
5 years	2	1	2	0
Thereafter	498	137	478	152

30 Provisions

Million CHF	Site restoration and other environmental liabilities	Specific business risks	Other provisions	Total 2007	Total 2006
January 1	**521**	**415**	**567**	**1,503**	**1,162**
Change in structure	(17)	4	24	11	268
Provisions recognized	74	70	122	266	264
Provisions used during the year	(35)	(42)	(73)	(150)	(110)
Provisions reversed during the year	(12)	(95)	(33)	(140)	(80)
Currency translation effects	(13)	13	(2)	(2)	(1)
December 31	**518**	**365**	**605**	**1,488**	**1,503**
Of which short-term provisions	16	7	169	192	128
Of which long-term provisions	502	358	436	1,296	1,375

Site restoration and other environmental liabilities represent the Group's legal or constructive obligations of restoring a site. The timing of cash outflows of this provision is dependent on the completion of raw material extraction and the commencement of site restoration.

Specific business risks comprise litigation and restructuring costs which arise during the normal course of business. Provisions for litigations mainly relate to antitrust investigations, product liability as well as tax claims and are set up to cover legal and administrative proceedings. It includes CHF 120 million related to the German antitrust investigation set up in 2002. The total provisions for litigations amounted to CHF 294 million (2006: 329) at December 31. The timing of cash outflows of provisions for litigations is uncertain since it will largely depend upon the outcome of administrative and legal proceedings. Provisions for restructuring costs relate to various restructuring programs and amounted to CHF 71 million (2006: 86) at December 31. These provisions are expected to result in future cash outflows mainly within the next one to three years.

Other provisions relate mainly to provisions that have been set up to cover other contractual liabilities. The composition of this item is extremely manifold and comprises as at December 31, among other things: various severance payments to employees of CHF 72 million (2006: 64), provisions for sales and other taxes of CHF 73 million (2006: 62), and provisions for health insurance and pension scheme, which do not qualify as benefit obligations, of CHF 85 million (2006: 81). The expected timing of the future cash outflows is uncertain.

31 Employee benefits

Personnel expenses	2007	2006
Million CHF		
Production and distribution	3,068	2,909
Marketing and sales	450	336
Administration	1,040	998
Total	**4,558**	**4,243**

Personnel expenses and number of personnel
The Group's total personnel expenses, including social charges, are recognized in the relevant expenditure line by function of the consolidated statement of income and amounted to CHF 4,558 million (2006: 4,243). As at December 31, 2007, the Group employed 89,364 (2006: 88,783) people.

Defined benefit pension plans
Some Group companies provide pension plans for their employees which under IFRS are considered as defined benefit pension plans. Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent's pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country. Benefits are dependent on years of service and the respective employee's compensation and contribution. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan and any unrecognized actuarial losses and past service costs. The obligation resulting from the defined benefit pension plans is determined using the projected unit credit method. Unrecognized gains and losses resulting from changes in actuarial assumptions are recognized as income (expense) over the expected average remaining working lives of the participating employees, but only to the extent that the net cumulative unrecognized amount exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets at the end of the previous year.

Other post-employment benefits
The Group operates a number of other post-employment benefit plans. The method of accounting for these provisions is similar to the one used for defined benefit pension schemes. A number of these plans are not externally funded, but are covered by provisions in the balance sheets of the respective Group companies.

The following table reconciles the funded, partially funded and unfunded status of defined benefit plans and other post-employment benefit plans to the amounts recognized in the balance sheet.

Reconciliation of retirement benefit plans to the balance sheet

Million CHF	2007	2006
Net liability arising from defined benefit pension plans	311	385
Net liability arising from other post-employment benefit plans	81	91
Net liability	**392**	**476**
Reflected in the balance sheet as follows:		
Other assets net (note 23)	(24)	(12)
Defined benefit obligations	416	488
Net liability	**392**	**476**

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
Million CHF	2007	2006	2007	2006
Present value of funded obligations	**3,074**	**3,205**	**12**	**23**
Fair value of plan assets	(3,068)	(2,939)	(12)	(28)
Plan deficit (surplus) of funded obligations	**6**	**266**	**0**	**(5)**
Present value of unfunded obligations	**218**	**230**	**100**	**120**
Unrecognized actuarial losses	(22)	(171)	(18)	(23)
Unrecognized past service costs	(6)	(7)	(1)	(1)
Unrecognized plan assets	115	67	0	0
Net liability from funded and unfunded plans	**311**	**385**	**81**	**91**
Amounts recognized in the income statement are as follows:				
Current service costs	119	127	2	3
Employees' contributions	(26)	(24)	0	0
Interest expense on obligations	161	141	6	8
Expected return on plan assets	(170)	(148)	0	0
Amortization of actuarial (gains) losses	(34)	(15)	1	1
Past service costs	(5)	7	0	0
Gains on curtailments and settlements	(2)	(52)	0	0
Limit of asset ceiling	52	29	0	0
Others	1	3	0	0
Total (included in personnel expenses)	**96**	**68**	**9**	**12**
Actual return on plan assets	**188**	**224**	**0**	**0**
Present value of defined benefit obligations				
Opening balance as per January 1	3,435	3,085	143	162
Current service costs	119	127	2	3
Interest cost	161	141	6	8
Actuarial (gains) losses	(176)	39	(3)	0
Currency translation effects	(67)	22	(7)	(5)
Benefits paid	(180)	(152)	(8)	(9)
Past service costs	(5)	7	0	0
Change in structure	17	221	(21)	(16)
Curtailments	(4)	(54)	0	0
Settlements	(8)	(1)	0	0
Closing balance as per December 31	**3,292**	**3,435**	**112**	**143**

Retirement benefit plans

	Defined benefit pension plans		Other post-employment benefit plans	
Million CHF	2007	2006	2007	2006
Fair value of plan assets				
Opening balance as per January 1	2,939	2,470	28	12
Expected return on plan assets	170	148	0	0
Actuarial gains	16	76	0	0
Currency translation effects	(76)	19	0	(1)
Contribution by the employer	145	125	8	1
Contribution by the employees	26	24	0	0
Benefits paid	(167)	(147)	(8)	(1)
Change in structure	19	225	(16)	17
Settlements	(4)	(1)	0	0
Closing balance as per December 31	**3,068**	**2,939**	**12**	**28**
Plan assets consist of:				
Equity instruments of Holcim Ltd or subsidiaries	3	2	0	0
Equity instruments of third parties	1,315	1,310	0	0
Debt instruments of Holcim Ltd or subsidiaries	34	30	0	0
Debt instruments of third parties	1,161	963	12	0
Land and buildings occupied or used by third parties	362	356	0	0
Other	193	278	0	28
Total fair value of plan assets	**3,068**	**2,939**	**12**	**28**
Principal actuarial assumptions used at balance sheet date				
Discount rate	5.0%	4.8%	6.2%	6.1%
Expected return on plan assets	5.6%	5.7%	3.0%	7.2%
Future salary increases	3.0%	3.0%		
Medical cost trend rate			8.3%	7.9%

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

Experience adjustments

	Defined benefit pension plans			Other post-employment benefit plans		
Million CHF	2007	2006	2005	2007	2006	2005
Present value of defined benefit obligation	3,292	3,435	3,085	112	143	162
Fair value of plan assets	(3,068)	(2,939)	(2,470)	(12)	(28)	(12)
Deficit	**224**	**496**	**615**	**100**	**115**	**150**
Experience adjustments:						
On plan liabilities	(17)	57	112	3	0	1
On plan assets	13	76	150	0	0	0

Change in assumed medical cost trend rate

A 1 percentage point change in the assumed medical cost trend rate would have the following effects:	Increase Million CHF 2007	Increase Million CHF 2006	Decrease Million CHF 2007	Decrease Million CHF 2006
– On the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs	1	3	1	3
– On the accumulated post-employment benefit obligations for medical costs	5	4	4	4

Expected contributions by the employer to be paid to the post-employment benefit plans during the annual period beginning after the balance sheet date are CHF 139 million (2006: 149).

32 Share compensation plans

Employee share purchase plan

Holcim has an employee share ownership plan for all employees of Swiss subsidiaries and some executives from Group companies. This plan entitles employees to acquire a limited amount of discounted Holcim shares generally at 70 percent of the market value based on price month average. The shares cannot be sold for a period of two years from the date of purchase. The total expense arising from this plan amounted to CHF 1.5 million in 2007 (2006: 1.5).

Executive share plans

Part of the variable compensation of key executives is paid in Holcim shares, which are granted based on the market price of the share in the following year. The shares cannot be sold by the employee for the next three to five years. The total expense arising from these share plans amounted to CHF 6.5 million in 2007 (2006: 5.5).

No dilution of Holcim shares occurs as all shares granted under these plans are purchased from the market.

Share option plans

Two types of share options are granted to senior management of the Holcim Group. In both cases, each option represents the right to acquire one registered share of Holcim Ltd at the market price of the shares at the date of grant (see explanations on pages 75 and 76).

The contractual term of the first type of option plan is eight years. The options cannot be exercised for the first three years and vest immediately as there are no vesting conditions attached to them.

The contractual term of the second type of option plan is twelve years and the options have a vesting period (service-related only) of nine years from the date of grant.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices for the above two option plans are as follows:

	Weighted average exercise price[1]	Number[1] 2007	Number[1] 2006
January 1	CHF 69.93	**544,462**	**567,299**
Granted and vested (individual bonus)	CHF 127.10	49,674	58,573
Granted and vested (single allotment)		0	0
Forfeited		0	0
Exercised	CHF 66.55	(56,192)	(81,410)
Lapsed		0	0
December 31	**CHF 75.61**	**537,944**	**544,462**
Of which exercisable at the end of the year		89,874	89,760

Share options outstanding at the end of the year have the following expiry dates and give the rights to acquire one registered share of Holcim Ltd at the exercise prices as listed below:

Option grant date	Expiry date	Exercise price[1]	Number[1] 2007	Number[1] 2006
2000	2008	CHF 68.38	0	5,775
2001	2009	CHF 65.74	0	6,600
2002	2010	CHF 74.41	0	23,240
2002	2014	CHF 68.91	201,300	201,300
2003	2011	CHF 35.61	48,775	54,145
2003	2015	CHF 68.91[2]	33,550	33,550
2004	2012	CHF 65.11	41,099	56,306
2004	2016	CHF 68.91[2]	33,550	33,550
2005	2013	CHF 76.30	71,423	71,423
2006	2014	CHF 102.45	58,573	58,573
2007	2015	CHF 127.10	49,674	–
Total			**537,944**	**544,462**

Options exercised in 2007 resulted in 56,192 shares (2006: 81,410) being issued at a weighted average exercise price of CHF 66.55 (2006: 52.99). The weighted average share price of the options exercised during the year 2007 was CHF 125.95 (2006: 99.81).

The fair value of options granted for the year 2007 using the Black Scholes valuation model is CHF 24.76 (2006: 32.72). The significant inputs into the model are the share price and an exercise price at the date of grant, an expected volatility of 25 percent (2006: 26), an expected option life of six years, a dividend yield of 1.9 percent (2006: 1.3) and an annual risk-free interest rate of 2.6 percent (2006: 2.6). Expected volatility was determined by calculating the historical volatility of the Group's share price over the respective vesting period.

All shares granted under these plans are either purchased from the market or derive from treasury shares. The total personnel expense arising from the grant of options based on the individual bonus plan amounted to CHF 1.8 million in 2007 (2006: 1.6). There were neither in 2007 nor in 2006 any allocations of options upon appointment of members of the Executive Committee.

[1] Adjusted to reflect former share splits and/or capital increases.
[2] Valued according to the single allocation in 2002.

33 Construction contracts

Million CHF	2007	2006
Contract revenue recognized during the year	**1,851**	**1,760**
Contract costs incurred and recognized profits (less recognized losses) to date	2,695	2,336
Progress billings to date	(2,727)	(2,310)
Due (to) from contract customers at balance sheet date	**(32)**	**26**
Of which:		
Due from customers for contract work	106	81
Due to customers for contract work	(138)	(55)

34 Details of shares

Number of registered shares

December 31	2007	2006
Total outstanding shares	**262,917,241**	**254,668,713**
Treasury shares		
Shares reserved for convertible bonds	0	0
Shares reserved for call options	537,944	544,462
Unreserved treasury shares	130,905	135,450
Total treasury shares	**668,849**	**679,912**
Total issued shares	**263,586,090**	**255,348,625**
Shares out of conditional share capital		
Reserved for convertible bonds	1,422,350	9,659,815
Unreserved	0	0
Total shares out of conditional share capital	**1,422,350**	**9,659,815**
Total shares	**265,008,440**	**265,008,440**

The par value per share is CHF 2. The share capital amounts to nominal CHF 527 million (2006: 511) and the acquisition price of treasury shares amounts to CHF 67 million (2006: 62).

The annual general meeting of shareholders of May 12, 2006 approved a CHF 42,150,094 capital increase through the issuance of 21,075,047 fully paid-in registered shares with a par value of CHF 2. The net proceeds of the transaction amounted to CHF 1,710 million.

During the year 2007, USD convertible bonds (0%, 2002–2017) with a nominal value of USD 130 million and CHF convertible bonds (1%, 2002–2012) with a nominal value of CHF 600 million were converted into 8,237,465 newly issued, fully paid-in registered shares of Holcim Ltd with a par value per share of CHF 2 (through the use of conditional share capital). As a result, the share capital increased by CHF 16,474,930 to CHF 527,172,180. The related increase in capital surplus amounted to CHF 792 million.

During the year 2006, convertible bonds (0%, 2002–2017) with a nominal value of USD 486 million were converted into 4,348,060 newly issued, fully paid-in registered shares of Holcim Ltd with a par value per share of CHF 2 (through the use of conditional share capital) and 566,753 treasury shares. As a result, the share capital increased by CHF 8,696,120 to CHF 510,697,250.

As most of both USD convertible bonds and CHF convertible bonds have been converted, Holcim exercised its right to redeem the remaining outstanding bonds.

35 Interests of minority shareholders

The Group issued in 2001 through one of its Group companies preference shares to an independent third party investor. The total subscription value of the preference shares was USD 450 million and was fully repaid by the Group in December 2006.

36 Contingencies, guarantees and commitments

Contingencies

In the ordinary course of business, the Group is involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. There are no such matters pending that the Group expects to be material in relation to the Group's business, financial position or results of operations. Subject to certain conditions that are still outstanding at year-end 2007, Holcim has agreed to subscribe to a private placement issued by its associated company Huaxin Cement Co. Ltd. amounting to USD 282 million.

The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The effects of such risks which arise in the normal course of business are not foreseeable and are therefore not included in the accompanying consolidated financial statements.

Guarantees

At December 31, 2007, guarantees issued to third parties in the ordinary course of business amounted to CHF 276 million (2006: 300).

Commitments

In the ordinary course of business, the Group enters purchase commitments for goods and services, buys and sells investments, associated companies and Group companies or portions thereof. It is common practice that the Group makes offers or receives call or put options in connection with such acquisitions and divestitures.

At December 31, 2007, the Group's commitments amounted to CHF 2,036 million (2006: 775), of which CHF 750 million (2006: 338) relate to the purchase of property, plant and equipment.

37 Monetary net current assets by currency

	Cash and marketable securities	Accounts receivable	Trade accounts payable	Current financing liabilities	Other current liabilities	Total 2007	Total 2006
Million CHF							
EUR	504	1,035	707	961	308	(437)	(753)
GBP	109	537	549	85	288	(276)	(319)
CHF	583	61	88	94	8	454	(140)
USD	568	1,137	416	1,392	485	(588)	(222)
CAD	41	251	160	173	117	(158)	(103)
MXN	121	134	168	0	114	(27)	(20)
INR	847	232	152	35	576	316	337
THB	53	39	26	118	25	(77)	13
IDR	82	54	40	51	48	(3)	25
PHP	12	37	24	12	25	(12)	(17)
AUD	27	86	23	9	82	(1)	(109)
Others	425	470	571	686	409	(771)	(337)
Total	**3,372**	**4,073**	**2,924**	**3,616**	**2,485**	**(1,580)**	**(1,739)**

38 Cash flow used in investing activities

Million CHF	2007	2006
Purchase of property, plant and equipment net		
Replacements	(1,384)	(1,282)
Proceeds from sale of property, plant and equipment	341	220
Capital expenditures on property, plant and equipment to maintain productive capacity and to secure competitiveness	**(1,043)**	**(1,062)**
Expansion investments	(2,245)	(1,265)
Total purchase of property, plant and equipment net (A)	**(3,288)**	**(2,327)**
Purchase of financial assets, intangible and other assets		
Acquisition of new Group companies (net of cash and cash equivalents acquired)[1]	(408)	(982)
Increase in participation in existing Group companies	(763)	(193)
Increase in financial investments including associates	(180)	(680)
Increase in other assets[2]	(1,830)	(905)
Total	**(3,181)**	**(2,760)**
Disposal of financial assets, intangible and other assets		
Disposal of Group companies (net of cash and cash equivalents disposed of)	635	3
Decrease in participation in existing Group companies	0	13
Decrease in financial investments including associates	49	152
Decrease in other assets	220	538
Total	**904**	**706**
Total purchase of financial assets, intangible and other assets net (B)	**(2,277)**	**(2,054)**
Total cash flow used in investing activities (A+B)	**(5,565)**	**(4,381)**

Cash flow from acquisitions and disposals of Group companies

	Acquisitions		Disposals	
Million CHF	2007	2006	2007	2006
Current assets	(77)	(222)	231	0
Property, plant and equipment	(233)	(940)	302	0
Other assets	(50)	(12)	30	0
Short-term liabilities	57	309	(169)	0
Long-term provisions	24	171	(54)	0
Other long-term liabilities	10	130	(62)	0
Net assets	**(269)**	**(564)**	**278**	**0**
Minority interest	39	14	(154)	0
Net assets (acquired) disposed	**(230)**	**(550)**	**124**	**0**
Goodwill (acquired) disposed	(187)	(432)	1	0
Net result from disposals[3]	0	0	1,141	3
Total (purchase) disposal consideration	**(417)**	**(982)**	**1,266**	**3**
Acquired (disposed) cash and cash equivalents	9	0	(66)	0
Loan notes	0	0	(565)	0
Net cash flow	**(408)**	**(982)**	**635**	**3**

[1] Including goodwill of new Group companies.
[2] Includes the goodwill from minority buyout.
[3] Including transaction costs.

39 Transactions and relations with members of the Board of Directors and senior management

Key management compensation

Board of Directors

In 2007, twelve non-executive members of the Board of Directors received a total remuneration of CHF 3.2 million (2006: 3) in the form of short-term employee benefits of CHF 1.9 million (2006: 1.8), post-employment benefits of CHF 0.2 million (2006: 0.3), share-based payments of CHF 1 million (2006: 0.9) and other compensation of CHF 0.1 million.

Senior management

In 2007, the total annual compensation for the 17 members of senior management (2006: 16) amounted to CHF 32.8 million (2006: 26.1) and comprises base salary and variable cash compensation of CHF 18.6 million (2006: 14.9), share-based compensations of CHF 8.3 million (2006: 7.1), employer contributions to pension plans of CHF 5.1 million (2006: 3.6) and other compensations of CHF 0.8 million (2006: 0.5). In accordance with Art. 663b^{bis} of the Swiss Code of Obligations (transparency law), the base salary and the variable cash compensation are disclosed including foreign withholding tax. Further included in the contribution to pension plans are the employers contributions to social security (AHV/IV).

The following table provides details on the total compensation awarded to the individual members of the Board of Directors, the highest compensation paid to a senior management member and the total amount of senior management compensation.

Compensation Board of Directors/senior management 2007[1]

Name		Base salary Cash	Base salary Shares[2]	Variable compensation Cash	Variable compensation Shares[2]	Variable compensation Options[3]	Other compensation Employer contributions to pension plans	Other compensation Others	Total compensation
Rolf Soiron[4]	Number		740						
	CHF	545,000	80,000				87,957	50,000	762,957
Andreas von Planta[5]	Number		740						
	CHF	300,000	80,000				18,169	10,000	408,169
Lord Norman Fowler	Number		740						
	CHF	80,000	80,000				0	10,000	170,000
Erich Hunziker[6]	Number		740						
	CHF	100,000	80,000				8,069	10,000	198,069
Willy R. Kissling[6]	Number		740						
	CHF	100,000	80,000				8,069	10,000	198,069
Peter Küpfer[7]	Number		740						
	CHF	180,000	80,000				12,109	10,000	282,109
Adrian Loader	Number		740						
	CHF	80,000	80,000				0	10,000	170,000
Gilbert J. B. Probst	Number		740						
	CHF	80,000	80,000				7,059	10,000	177,059
H. Onno Ruding[8]	Number		740						
	CHF	110,000	80,000				8,574	10,000	208,574
Thomas Schmidheiny[6]	Number		740						
	CHF	144,100[12]	80,000				9,401	10,000	243,501
Wolfgang Schürer	Number		740						
	CHF	80,000	80,000				7,059	10,000	177,059
Dieter Spälti	Number		740						
	CHF	80,000	80,000				7,059	10,000	177,059
Total Board of Directors	**Number**		**8,880**						
(non-executive members)	**CHF**	**1,879,100**	**960,000**				**173,525**	**160,000**	**3,172,625**
Markus Akermann[9][10]	Number		0		10,942	18,102			
	CHF	1,859,130	0	812,785	1,183,268	448,207	551,243	48,340	4,902,973
Total senior management[11]	**Number**		**0**		**59,801**	**71,083**			
	CHF	**14,444,130**	**0**	**4,098,043**	**6,466,879**	**1,760,008**	**5,142,057**	**846,493**	**32,757,610**

[1] Compensation for the Board of Directors and senior management is disclosed gross of withholding tax and employee social security contributions. "Other compensation" includes employer contributions to pension plans (state old age and survivors insurance (AHV)/disability insurance(IV), pension funds) as well as a lump sum allowance, long-service benefits, government child payments, etc. The parameters for the fair value calculation of shares and options allocated in the year under review are disclosed on page 153 under "Share compensation plan".
[2] The shares were valued at the average market price in the period from January 1, 2008 to February 15, 2008.
[3] Value of the options according to the Black Scholes model at the time of allocation.
[4] Chairman, Chairman of the Governance, Nomination & Compensation Committee.
[5] Deputy Chairman and Member of the Audit Committee.
[6] Member of the Governance, Nomination & Compensation Committee.
[7] Chairman of the Audit Committee.
[8] Member of the Audit Committee.
[9] Executive member of the Board of Directors, CEO.
[10] Member of senior management receiving the highest compensation.
[11] Including executive member of the Board of Directors, CEO.
[12] Including director's fees from subsidiary companies.

Compensation for former members of governing bodies

In the year 2007, compensation of CHF 263,700 was paid to two former members of governing bodies.

Loans

As at December 31, 2007, there were loans outstanding, which were granted to five members of senior management. There were no loans to members of the Board of Directors outstanding. The table provides details on the loans granted.

Borrower	Position	Original currency	Loan amount in CHF	Interest rate	Maturity date	Collateral
Thomas Knöpfel	Member of the Executive Committee	CHF	32,000	variable	31.12.10	yes
Benoît-H. Koch	Member of the Executive Committee	CHF	1,450,000	3.25%	31.01.10	yes
Benoît-H. Koch	Member of the Executive Committee	EUR	205,400	variable	open	yes
Urs Böhlen	Area Manager	CHF	93,000	variable	31.12.15	yes
Roland Köhler	Corporate Functional Manager	CHF	300,000	variable	31.12.15	yes
Stefan Wolfensberger	Corporate Functional Manager	CHF	471,800	variable	31.12.22	yes
Total		**CHF**	**2,552,200**			

Shares and options owned by senior executives

The tables show the number of shares and options held by senior executives as at December 31, 2007.

Board of Directors

Name	Position	Total number of shares	Total number of call options
Rolf Soiron	Chairman, Governance, Nomination & Compensation Committee Chairman	28,177	–
Andreas von Planta	Deputy Chairman	4,566	–
Lord Norman Fowler	Member	1,087	–
Erich Hunziker	Member	4,763	–
Willy R. Kissling	Member	4,922	–
Peter Küpfer	Member, Audit Committee Chairman	4,762	80,000[1]
Adrian Loader	Member	2,154	–
Gilbert J. B. Probst	Member	5,340	–
H. Onno Ruding	Member	2,124	–
Thomas Schmidheiny	Member	53,741,950	–
Wolfgang Schürer	Member	31,081	–
Dieter Spälti	Member	3,775	–
Total Board of Directors (non-executive members)		**53,834,701**	**80,000**

The total number of shares and call options comprise privately acquired shares and call options, and shares allocated under profit-sharing and compensation schemes. Non-executive members of the Board of Directors did not receive any options from compensation and profit-sharing schemes.

[1] Exercise price: CHF 110; Ratio 1:1; Style: European; Maturity: 21.5.2010.

Senior management

Name	Position	Total number of shares	Total number of call options
Markus Akermann	Executive Member of the Board of Directors, CEO	61,161	138,983
Tom Clough	Member of the Executive Committee	13,744	44,588
Hansueli Heé	Member of the Executive Committee	25,080	55,293
Paul Hugentobler	Member of the Executive Committee	46,992	56,344
Thomas Knöpfel	Member of the Executive Committee	19,995	46,135
Benoît-H. Koch	Member of the Executive Committee	25,080	48,873
Theophil H. Schlatter	Member of the Executive Committee, CFO	35,803	65,971
Urs Böhlen	Area Manager	7,944	4,911
Bill Bolsover	Area Manager and Corporate Functional Manager	1,553	1,550
Javier de Benito	Area Manager	8,229	5,114
Bernard Kueng	Area Manager and Corporate Functional Manager	2,294	0
Gérard Letellier	Area Manager	4,379	2,570
Bernard Terver	Area Manager	9,724	8,616
Jacques Bourgon	Corporate Functional Manager	4,515	2,740
Beat Fellmann	Corporate Functional Manager	2,297	2,700
Roland Köhler	Corporate Functional Manager	3,300	3,088
Stefan Wolfensberger	Corporate Functional Manager	2,368	2,625
Total senior management		**274,458**	**490,101**

The total number of shares and call options include both privately acquired shares and call options, and those allocated under the Group's profit-sharing and compensation schemes. Options are issued solely on registered shares of Holcim Ltd.

Other transactions

As part of the employee share purchase plan, Holcim manages employees' shares, by selling and purchasing Holcim Ltd shares to and from employees and on the open market. As a result, the company purchased Holcim Ltd shares of CHF 0.6 million (2006: 0.4) at stock market price from members of the senior management.

No compensation was paid or loans granted to parties closely related to members of the governing bodies.

40 Post-balance sheet events

On January 23, 2008, a competitor acquired 100 percent of the outstanding shares of Orascom Cement, an affiliated company of Orascom Construction Industries (OCI). Orascom Cement owns 53.7 percent of the shares in Egyptian Cement Company. As a result of a joint venture agreement with OCI, Holcim proportionately consolidated its 43.7 percent interest in Egyptian Cement Company. Given the acquisition of Orascom Cement by a competitor, the joint venture agreement between OCI and Holcim became void and Holcim will apply equity accounting to its investment as of this date. Holcim's stake remains unchanged, so this bookkeeping change will have no impact on consolidated net income.

In February 2008, Holcim subscribed to the private placement issued by its associated company Huaxin Cement Co. Ltd. amounting to USD 282 million which resulted in an increase in its participation from 26.1 percent to 39.9 percent.

41 Authorization of the financial statements for issuance

The consolidated financial statements were authorized for issuance by the Board of Directors of Holcim Ltd on February 22, 2008 and are subject to shareholder approval at the annual general meeting of shareholders scheduled for May 7, 2008.

Principal companies of the Holcim Group

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Europe	Holcim France Benelux S.A.S.	France	EUR	303,834	100.0%
	Holcim (España), S.A.	Spain	EUR	147,882	99.8%
	Holcim Trading SA	Spain	EUR	19,600	100.0%
	Aggregate Industries UK Ltd	United Kingdom	GBP	32,891	100.0%
	Holcim (Deutschland) AG	Germany	EUR	47,064	88.9%
	Holcim (Süddeutschland) GmbH	Germany	EUR	6,450	100.0%
	Holcim (Schweiz) AG	Switzerland	CHF	142,200	100.0%
	Holcim Gruppo (Italia) S.p.A.	Italy	EUR	1,000	100.0%
	Holcim Group Support Ltd	Switzerland	CHF	1,008	100.0%
	Holcim (Česko) a.s.	Czech Republic	CZK	486,297	100.0%
	Holcim (Slovensko) a.s.	Slovakia	SKK	1,275,068	98.0%
	Holcim Hungária Zrt.	Hungary	HUF	3,176,805	99.7%
	Holcim (Hrvatska) d.o.o.	Croatia	HRK	94,000	99.8%
	Holcim (Srbija) a.d.	Serbia	CSD	2,300,000	92.3%
	Holcim (Romania) S.A.	Romania	RON	274,243	99.7%
	Holcim (Bulgaria) AD	Bulgaria	BGN	1,093	100.0%
	Alpha Cement J.S.C.	Russia	RUB	8,298	79.6%
	"Garadagh" Sement O.T.J.S.C.	Azerbaijan	AZN	31,813	79.4%
North America	Holcim (US) Inc.	USA	USD	–	100.0%
	Aggregate Industries Inc.	USA	USD	194,058	100.0%
	St. Lawrence Cement Inc.	Canada	CAD	167,769	100.0%
Latin America	Holcim Apasco S.A. de C.V.	Mexico	MXN	5,843,086	100.0%
	Cemento de El Salvador S.A. de C.V.	El Salvador	USD	78,178	64.3%
	Holcim (Nicaragua) S.A.	Nicaragua	NIO	41,469	80.0%
	Holcim (Costa Rica) S.A.	Costa Rica	CRC	8,604,056	59.8%
	Panamá Cement Holding S.A.[1]	Panama	USD	116,135	50.0%
	Caricement Antilles N.V.	Curaçao	USD	23,899	100.0%
	Cementos Colón S.A.[1]	Dominican Republic	DOP	165,000	35.5%
	Holcim (Colombia) S.A.	Colombia	COP	72,536,776	99.8%
	Holcim (Venezuela) C.A.	Venezuela	VEB	7,792,177	100.0%
	Holcim (Ecuador) S.A.	Ecuador	USD	102,405	92.1%
	Holcim (Brasil) S.A.	Brazil	BRL	455,675	99.9%
	Juan Minetti S.A.	Argentina	ARS	352,057	78.9%
	Cemento Polpaico S.A.	Chile	CLP	7,047,991	54.3%

[1] Joint venture, proportionate consolidation.

Region	Company	Place	Nominal share capital in 000		Participation (voting right)
Africa Middle East	Holcim (Maroc) S.A.	Morocco	MAD	421,000	51.0%
	Egyptian Cement Company S.A.E.[1]	Egypt	EGP	812,000	43.7%
	Ciments de Guinée S.A.	Guinea	GNF	46,393,000	59.9%
	Société de Ciments et Matériaux	Ivory Coast	XOF	907,000	99.9%
	United Cement Company of Nigeria Ltd[1]	Nigeria	NGN	1,040,000	39.0%
	Holcim (Liban) S.A.L.	Lebanon	LBP	234,192,509	52.1%
	Holcim (Outre-Mer) S.A.S.	La Réunion	EUR	37,748	100.0%
	Aden Cement Enterprises Ltd.	Republic of Yemen	YER	106,392	100.0%
Asia Pacific	ACC Limited[2]	India	INR	1,878,264	43.0%
	Ambuja Cements Ltd.[2]	India	INR	3,044,751	45.7%
	Holcim (Lanka) Ltd	Sri Lanka	LKR	4,657,675	98.9%
	Holcim (Bangladesh) Ltd	Bangladesh	BDT	120,000	89.6%
	Siam City Cement (Public) Company Limited[1]	Thailand	THB	2,375,000	36.8%
	Holcim (Malaysia) Sdn Bhd	Malaysia	MYR	10,450	100.0%
	Holcim (Singapore) Pte. Ltd	Singapore	SGD	28,754	100.0%
	Jurong Cement Limited	Singapore	SGD	44,322	55.2%
	PT Holcim Indonesia Tbk.	Indonesia	IDR	3,831,450,000	78.2%
	Holcim (Vietnam) Ltd	Vietnam	USD	189,400	65.0%
	Holcim (Philippines) Inc.	Philippines	PHP	6,452,099	78.7%
	Cement Australia Holdings Pty Ltd[1]	Australia	AUD	390,740	50.0%
	Holcim (New Zealand) Ltd	New Zealand	NZD	22,004	100.0%

Principal listed Group companies

Region	Company	Place of listing	Market capitalization at December 31, 2007 in local currency		Security code number
Europe	Holcim (Deutschland) AG	Frankfurt	EUR	644 million	DE0005259006
Latin America	Holcim (Costa Rica) S.A.	San José	CRC	197,119 million	CRINC00A0010
	Holcim (Ecuador) S.A.	Quito, Guayaquil	USD	1,105 million	ECP612411085
	Juan Minetti S.A.	Buenos Aires	ARS	845 million	ARP6806N1051
	Cemento Polpaico S.A.	Santiago	CLP	218,969 million	CLP2216J1070
Africa Middle East	Holcim (Maroc) S.A.	Casablanca	MAD	10,736 million	MA0000010332
	Holcim (Liban) S.A.L.	Beirut	USD	405 million	Sicovam 921890
Asia Pacific	ACC Limited	Mumbai	INR	192,221 million	INE012A01025
	Ambuja Cements Ltd.	Mumbai	INR	223,637 million	INE079A01024
	Siam City Cement (Public) Company Limited	Bangkok	THB	64,500 million	TH0021010002
	PT Holcim Indonesia Tbk.	Jakarta	IDR	13,410,075 million	ID1000072309
	Holcim (Philippines) Inc.	Manila	PHP	49,681 million	PHY3232G1014

[1] Joint venture, proportionate consolidation.
[2] Control obtained because of the power to cast the majority of votes at meetings of the Board of Directors.

Principal finance and holding companies

	Place	Nominal share capital in 000		Participation (voting right)
Holcim Ltd	Switzerland	CHF	527,172	100.0%
Aggregate Industries Holdings Limited	United Kingdom	GBP	505,581	100.0%
Holcibel S.A.	Belgium	EUR	831,000	100.0%
Holcim Auslandbeteiligungs GmbH (Deutschland)	Germany	EUR	2,556	100.0%
Holcim Beteiligungs GmbH (Deutschland)	Germany	EUR	102,000	100.0%
Holcim Capital Corporation Ltd.	Bermuda	USD	2,630	100.0%
Holcim Capital (Thailand) Ltd.	Thailand	THB	1,100	100.0%
Holcim (Centroamérica) B.V.	Netherlands	USD	655,019	100.0%
Holcim European Finance Ltd.	Bermuda	EUR	25	100.0%
Holcim Finance (Australia) Pty Ltd	Australia	AUD	0	100.0%
Holcim Finance (Belgium) SA	Belgium	EUR	62	100.0%
Holcim Finance (Canada) Inc.	Canada	CAD	0	100.0%
Holcim Finance (Luxembourg) SA	Luxemburg	EUR	1,900	100.0%
Holcim GB Finance Ltd.	Bermuda	GBP	8	100.0%
Holcim (India) Private Limited	India	INR	18,474,775	100.0%
Holcim Investments (France) SAS	France	EUR	15,551	100.0%
Holcim Investments (Spain) S.L.	Spain	EUR	60,003	100.0%
Holcim Overseas Finance Ltd.	Bermuda	CHF	16	100.0%
Holcim Participations (UK) Limited	United Kingdom	GBP	0	100.0%
Holcim Participations (US) Inc.	USA	USD	67	100.0%
Holcim Reinsurance Ltd.	Bermuda	CHF	1,453	100.0%
Holcim US Finance S.à r.l. & Cie S.C.S.	Luxemburg	USD	10	100.0%
Holderfin B.V.	Netherlands	EUR	3,772	100.0%

Principal associated companies

Region	Company	Country of incorporation or residence	Participation (voting right)
North America	Lattimore Materials Company, L.P.	USA	49.0%
Latin America	Cementos Progreso S.A.	Guatemala	20.0%
Africa Middle East	AfriSam (Pty) Ltd[1]	South Africa	15.0%
Asia Pacific	Espandar Cement Investment Company (PJS)	Iran	49.9%
	Huaxin Cement Co. Ltd.	China	26.1%

[1] Due to significant influence.

Report of the Group auditors to the general meeting of Holcim Ltd

As Group auditors, we have audited the consolidated financial statements (consolidated statement of income, consolidated balance sheet, statement of changes in consolidated equity, consolidated cash flow statement and notes presented on pages 104 to 164) of Holcim Ltd for the year ended December 31, 2007. Certain financial statements of subsidiaries have been audited by other auditors.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Dolensky
Swiss Certified Accountant
Auditor in charge

Willy Hofstetter
Swiss Certified Accountant

Zurich, February 22, 2008

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Independent Auditor's report

To the Partners of
HOLCIM US FINANCE SARL & CIE S.C.S.
Luxembourg

We have audited the accompanying annual accounts of HOLCIM US FINANCE SARL & CIE S.C.S., which comprise the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Managers' responsibility for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the "réviseur d'entreprises"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of HOLCIM US FINANCE SARL & CIE S.C.S. as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ERNST & YOUNG
Société Anonyme
Réviseur d'entreprises

Jean-Marie GISCHER

Luxembourg, 25 February 2009

Balance sheet
(all amounts in USD thousands)

	Notes	As at 31 December 2008	2007
Cash and cash equivalents	7	950	133
Prepaid expenses and other current assets	8	11.830	16.292
Total current assets		**12.780**	**16.425**
Long-term financial receivables	9	3.081.351	2.500.831
Total long-term assets		**3.081.351**	**2.500.831**
Total assets		**3.094.131**	**2.517.256**
Current financial liabilities	10	440.000	0
Other current liabilities	11	31.690	17.426
Total short-term liabilities		**471.690**	**17.426**
Long-term financial liabilities	12	2.619.733	2.499.719
Total long-term liabilities		**2.619.733**	**2.499.719**
Total liabilities		**3.091.423**	**2.517.145**
Share capital		10	10
Reserves		2.698	101
Total partners' equity		**2.708**	**111**
Total liabilities and partners' equity		**3.094.131**	**2.517.256**

Income statement

(all amounts in USD thousands)

	Notes	Year ended 31 December 2008	2007
Revenues			
Financial income	5	198.403	116.463
		198.403	116.463
Expenses			
Financial expenses	5	-198.347	-115.425
Administration expenses		-26	-907
Foreign exchange gains/losses net	6	-2	0
		-198.375	-116.332
Net income before taxes		**28**	**131**
Income taxes	14	0	-69
Net income for the period		**28**	**62**

Cash flow statement

(all amounts in USD thousands)

	Year ended 31 December	
	2008	2007
Interest received	202.865	101.297
Interest paid	-181.245	-109.871
Income taxes paid	0	1
Other expenses	-35	-3.636
Cash flow from/(used in) operating activities	**21.585**	**-12.209**
Increase long-term financial receivables	-580.520	-1.984.231
Cash flow used in investing activities	**-580.520**	**-1.984.231**
Proceeds from long-term financial liabilities	2.039.750	1.981.331
Repayment of long-term financial liabilities	-1.479.998	0
Cash flow from financing activities	**559.752**	**1.981.331**
Cash and cash equivalents as at January 1	**133**	**15.242**
In(De)crease in cash and cash equivalents	817	-15.109
Cash and cash equivalents as at December 31	**950**	**133**

Statement of changes in equity

(all amounts in USD thousands)

	Share capital	Capital surplus	Retained earnings	Available-for-sale equity reserve	Cash-flow hedging reserve	Currency translation effects	Total reserves	Total partners' equity
Equity as at January 1, 2007	10	0	**39**	**0**	**0**	**0**	**39**	**49**
Net income			62				62	62
Equity as at December 31, 2007	10	0	**101**	0	0	0	**101**	**111**
Equity as at January 1, 2008	10	0	**101**	**0**	0	**0**	**101**	**111**
Net income			28				28	28
Change in fair value								
- Cash flow hedges					2.569		2.569	2.569
Equity as at December 31, 2008	10	0	**129**	**0**	**2.569**	**0**	**2.698**	**2.708**

Notes to the financial statements at December 31, 2008

1. Company information

Holcim US Finance S.à r.l. & Cie S.C.S. (the "Company") is a "Société en Commandite Simple" incorporated in Luxembourg. The date of incorporation was on December 21, 2005. The principal activity of the Company is intercompany financing in USD.

The partnership shares of the Company are held by Holcim US Finance S.à r.l. with 99% and Holdertrade Ltd. & Cie S.N.C. with 1% and its ultimate parent company is Holcim Ltd.

The Company's capital comprises of 100 (previous year: 100) authorized, issued and fully paid partnership interests with a nominal value of USD 100.00 each.

2. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements have been prepared on a historical cost basis, except for the measurement at fair value of derivative financial instruments, available-for-sale financial assets, as well as financial assets and financial liabilities at fair value through profit and loss. The carrying values of recognized assets and liabilities that are hedged, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Related companies refer to group companies consolidated in the Holcim Ltd financial statements.

Adoption of revised International Financial Reporting Standards and new interpretations

In 2008, the Company adopted the following new interpretations:

IFRIC 11	*IFRS 2 – Group and Treasury Share Transactions*
IFRIC 14	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The effect of applying IFRIC 11 and IFRIC 14 will have no material impact on the entity's financial statements. The improvements to IFRSs relate largely to clarification issues only.

In 2009, the Company will adopt the following revised and new standards:

IAS 1 (revised)	*Presentation of Financial Statements*
IAS 23	*Borrowing Costs*
IFRS 2 (amended)	*Share-based Payment*
IFRS 8	*Operating Segments*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*
Improvements to IFRS	*Clarifications of existing IFRS*

The effect of applying the above new and revised standards will have no impact on the entity's financial statements. The revised IAS 1 and the new IFRS 8 are disclosure-related only.

In 2010, the Company will adopt the following revised standards:

IAS 27 (revised)	*Consolidated and Separate Financial Statements*
IFRS 3 (revised)	*Business Combinations*

The effect of applying the above revised standards is being evaluated by the Company.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. However, actual results could differ from those estimates.

Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate primarily to the disclosure of contingent liabilities at the balance sheet date.

Presentation currency

The Company's presentation and functional currency is USD, as the principal activity of the Company is intercompany financing in USD.

Foreign currency translation

Foreign currency transactions are initially accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Cash and cash equivalents

Cash and cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. Cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term highly liquid investments.

Short-term financial receivables

Short-term financial receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts.

Any short-term derivative assets are included in short-term financial receivables, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Financial investments

Investments in associates are stated at cost. Investments in which the Company does not have a controlling interest or significant influence are classified as available-for-sale assets.

All purchases and sales of investments are recognized on trade date, which is the date that the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs, except for derivative instruments.

Available-for-sale assets are carried at their fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are included in equity until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit and loss for the period.

Long-term financial receivables

Long-term financial receivables consist of long-term receivables from related companies and long-term receivables from third parties. Long-term receivables are classified as loans and receivables and are measured at amortized cost using the effective interest method.

Any long-term derivative assets are included in long-term financial receivables, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is any indication that a financial asset may be impaired.

An impairment loss in respect of a financial assets measured at amortized cost is calculated as the difference between its carrying amount and its present value of the future estimated cash flow discounted at the original effective interest rate.

An impairment loss in respect of an available-for-sale investment is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis.

Gains and losses arising from changes in the fair value of available-for-sale investments are included in equity until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in equity is transferred to the income statement.

Long-term financing liabilities

Long-term financing liabilities from related companies are measured at amortized cost using the effective interest method.

Bank loans and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the term of the borrowings.

Any long-term derivative liabilities are included in long-term financing liabilities, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Financial liabilities that are due within 12 months after the balance sheet date are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability until more than 12 months after the balance sheet date and no intention to repay.

Provisions

A provision is recognized when a legal or constructive obligation arising from past events exists, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the partners' right to receive a payment is established.

Contingent liabilities

Contingent liabilities arise from conditions or situations where the outcome depends on future events. They are disclosed in the notes to the financial statements.

Financial instruments

Information about accounting for derivative financial instruments and hedging activities is included in the section 'Financial risk management'.

3. Financial risk management

General risk management approach

The Company's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Derivative financial instruments such as foreign exchange contracts and interest rate swaps may be used to hedge certain exposures. Therefore, the Company does no enter into derivative or other financial transactions which are unrelated to its operations. As such, a risk-averse approach is pursued.

The Company's objectives when managing capital are to secure the Company's ongoing financial needs to continue as a going concern. The Company manages the capital structure by ensuring an adequate cash flow from operating activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the partners, return capital to the partners, issue new shares, or sell assets to reduce debt.

Financial risk management is governed by policies approved by Holcim Group management. It provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing excess liquidity.

Market risk

Holcim Group is exposed to market risk, primarily relating to foreign exchange and interest risk. Management actively monitors these exposures. To manage the volatility relating to those exposures, the Group may enter into a variety of derivative financial instruments. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk.

Foreign exchange risk - The Group operates internationally and therefore is exposed to foreign exchange risks arising from various currencies. The principal activity of the Company is intercompany financing in USD. It usually borrows funds from third parties or related parties in the same currency. Any remaining foreign currency exposure may be hedged by entering in derivative contracts.

Interest rate risk - The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. Given the Group's substantial borrowing position, interest exposure is mainly addressed through the steering of the fixed/floating ratio of debt. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments, based on notional amounts and agreed-upon fixed and variable interest rates.

Liquidity risk

The Group monitors its liquidity risk by using a recurring liquidity management tool and maintains sufficient reserves of cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the strong international creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

Equities and securities risk

In general, the Group does not hold or acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

Credit risk

Credit risks, or the risk of counterparties defaulting, are constantly monitored. In general, the Company only enters into financial transactions with related counterparties, as well as with non-related counterparties with high credit ratings.

The maximum of exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the income statement, along with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized in equity. Where the firm commitment results in the recognition of an asset or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments or hedged firm commitments, affect the income statement.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. In the case of a fair value hedge, however, the adjustment to the carrying amount of the hedged item is amortized to net profit or loss from the moment it ceases to be adjusted for in changes to fair value, with it being fully amortized by maturity date.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value estimation

The fair value of publicly traded derivatives and available-for-sale assets is based on quoted market prices at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair values for the remaining financial instruments.

The amortized cost for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4. Additional disclosures to the financial instruments

(all amounts in USD thousands)	Carrying amount 2008	Carrying amount 2007	Net gains / (losses) 2008	Net gains / (losses) 2007
Financial assets at fair value through profit or loss				
Initial recognition	0	0	0	0
Held for trading	0	0	0	0
Held-to-maturity investments	0	0	0	0
Loans and receivables	3.081.351	2.500.831	0	0
Available for sale financial assets				
Gains/losses recognised directely in equity	0	0	0	0
Amount removed from equity and recognized in profit and loss	0	0	0	0
	3.081.351	**2.500.831**	**0**	**0**
Financial liabilities at fair value through profit or loss				
Initial recognition	131.790	0	-5.415	0
Held for trading	0	0	0	0
Financial liabilities measured at amortized cost	2.846.913	2.499.719	2.569	0
	2.978.703	**2.499.719**	**-2.846**	**0**

(all amounts are in USD thousands)

5. Financial income and financial expenses

	2008	2007
Financial income - parent	198.384	116.450
Financial income - third parties	19	13
Total financial income	**198.403**	**116.463**

The average interest rate for the interest income of totally USD 197.998	6,75%	8,45%

	2008	2007
Financial expenses - other related companies	65.080	31.891
Financial expenses - third parties	133.267	83.534
Total financial expenses	**198.347**	**115.425**

The position financial expenses - third parties relates primarily to financial liabilities measured at fair value and amortized costs.

Fair value adjustments	Fair value hedge - hedged items	-5.415	0
	Fair value hedge - hedging instrument:	5.415	0

The average interest rate for the interest expense of totally USD 198.328	6,78%	8,40%

Interest rate sensitivity

The Company's sensitivity analysis has been determined based on the interest rate exposure as at December 31, a 1% change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.
At December 31, a +/- 1% shift in interest rates, with all other variables held constant, would result in approximately USD 0.0 million of additional/lower financial expenses before tax. The Company's net result sensitivity to interest rates is insignificant as a result of its back-to-back lending strategy. As business model is being applied consistently, the net financial exposure and IR sensitivity have remained close to zero.

6. Foreign exchange gains/(losses) net

	2008	2007
The foreign exchange gains/(losses) net arose from:		
Payables to third parties	-2	0
Total	**-2**	**0**

7. Cash and cash equivalents

	2008	2007
Cash at bank and on hand	950	133
Total	**950**	**133**
Of which pledged / restricted	0	0

8. Prepaid expense and other current assets

	2008	2007
Prepaid expense	11.830	16.292
Total	**11.830**	**16.292**

9. Long-term financial receivables

	2008	2007
Long-term financial receivables - parent	3.081.351	2.500.831
Total	**3.081.351**	**2.500.831**
Of which pledged / restricted	0	0

Interest rate structure of financial receivables

	2008	2007
Financial receivables at fixed rates	450.000	450.000
Financial receivables at variable rates	2.631.351	2.050.831
Total	3.081.351	2.500.831

The fair values of long-term financial receivables with other related companies amount to USD 4.024,4 million (previous year: USD 3.248,7 million).

10. Current financing liabilities

	2008	2007
Current portion of long-term financing - third parties	440.000	0
Total	**440.000**	**0**
Of which secured by the ultimate parent company	440.000	0

The carrying amounts of current financing liabilities approximate their fair value.

11. Other current liabilities

	2008	2007
Other non interest-bearing liabilities	31.590	17.326
Provisions for income taxes payable	100	100
Total	**31.690**	**17.426**

12. Long-term financing liabilities

	2008	2007
Long-term financing liabilities - third parties	2.538.703	2.499.719
Long-term derivative liabilities	81.030	0
Total	**2.619.733**	**2.499.719**
Of which secured by the ultimate parent company	2.538.703	2.499.719

Interest rate structure of financing liabilities

	2008	2007
Financing liabilities at fixed rates	448.996	448.888
Financing liabilities at variable rates	2.089.707	2.050.831
Total	2.538.703	2.499.719

Contractual maturity analysis

2008	Carrying amount	Contractual principal cash flows	Future interest on financing liabilities
Within 1 year	440.000	440.000	78.350
Within 2 years	0	0	68.180
Within 3 years	0	0	68.180
Within 4 years	0	0	68.180
Within 5 years	1.930.879	2.000.210	52.046
Thereafter	607.824	642.241	99.013
Total	2.978.703	3.082.451	433.949

The table summarizes the maturity profile of the Company's financial liabilities excluding derivatives (note 13) as at December 31, 2008.

The fair values of long-term financial liabilities third parties amount to USD 2.823,3 million (previous year: USD 2.563,4 million).

Long-term financing liabilities - third parties as at 31 December

Nominal value		Nominal interest rate	Effective interest rate	Term	Remarks	Net book value 2008	Net book value 2007
USD	200.000	6,21%	6,24%	2006-2018	Private placement guaranteed by Holcim Ltd	199.525	199.489
USD	125.000	6,10%	6,14%	2006-2016	Private placement guaranteed by Holcim Ltd	124.718	124.690
USD	125.000	5,96%	6,01%	2006-2013	Private placement guaranteed by Holcim Ltd	124.753	124.709
EUR	90.000	5,12%	2,82%	2008-2013	Private placement guaranteed by Holcim Ltd, swapped into USD and floating interest rates at inception	131.790	0
EUR	358.000	5,65%	2,84%	2008-2013	Private placement guaranteed by Holcim Ltd, swapped into USD at inception	502.710	0
EUR	202.000	5,80%	2,95%	2008-2015	Private placement guaranteed by Holcim Ltd, swapped into USD at inception	283.581	0
USD	440.000	2,31%	2,31%	2007-2009	Credit line	440.000	440.000
USD	88.100	0,64%	0,64%	2006-2013	Credit line	88.100	216.600
USD	289.175	1,98%	1,98%	2006-2013	Credit line	289.175	1.310.000
USD	450.000	0,64%	0,64%	2006-2013	Credit line	450.000	84.231
USD	200.000	0,64%	0,64%	2008-2013	Credit line	200.000	0
USD	144.351	0,64%	0,64%	2008-2013	Credit line	144.351	0
Total						2.978.703	2.499.719
Of which current portion						440.000	0

13. Derivative Liabilities

Included in 'Long-term financing liabilities' (note 12) are the following derivative liabilities:

	Fair value 2008	Fair value 2007
Long-term derivative liabilities		
Fair value hedges	4.406	0
Cash flow hedges	76.624	0
Total	81.030	0

14. Taxes

On January 18, 2006 the Company received an advance tax clearance with the Luxemburg Inland Revenue, whereby taxable income is based on a required spread on borrowed funds.

15. Authorization of the financial statements for issue

The financial statements are authorized for issuance by the board of Holcim US (Finance) S.à r.l. & Cie S.C.S. on February 25, 2009 and cannot be amended after issuance.

ERNST & YOUNG

Ernst & Young
Société Anonyme

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INDEPENDENT AUDITOR'S REPORT

To the partners of
HOLCIM US FINANCE SARL & CIE S.C.S.
Luxembourg

We have audited the accompanying annual accounts of HOLCIM US FINANCE SARL & CIE S.C.S, which comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Managers' responsibility for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the "Réviseur d'Entreprises"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the "Réviseur d'Entreprises", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'Entreprises" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of HOLCIM US FINANCE SARL & CIE S.C.S. as of December 31, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises

Jean-Marie Gischer

February 21, 2008

Balance sheet

(all amounts in USD thousands)

	Notes	As at 31 December 2007	As at 31 December 2006
Cash and cash equivalents	6	133	15.242
Prepaid expenses and other current assets	7	16.292	1.126
Total current assets		**16.425**	**16.368**
Long-term financial receivables	8	2.500.831	516.600
Total long-term assets		**2.500.831**	**516.600**
Total assets		**2.517.256**	**532.968**
Other current liabilities	9	17.426	14.633
Total short-term liabilities		**17.426**	**14.633**
Long-term financial liabilities	10	2.499.719	518.286
Total long-term liabilities		**2.499.719**	**518.286**
Total liabilities		**2.517.145**	**532.919**
Share capital		10	10
Reserves		101	39
Total partners' equity		**111**	**49**
Total liabilities and partners' equity		**2.517.256**	**532.968**

Income statement

(all amounts in USD thousands)

	Notes	Year ended 31 December 2007	2006
Revenues			
Financial income	5	116.463	17.479
		116.463	17.479
Expenses			
Financial expenses	5	-115.425	-14.475
Administration expenses		-907	-2.935
		-116.332	-17.410
Net income before taxes		**131**	**69**
Income taxes	11	-69	-30
Net income for the period		**62**	**39**

Cash flow statement

(all amounts in USD thousands)

	Year ended 31 December	
	2007	2006
Interest received	101.297	16.353
Interest paid	-109.871	-2.576
Income taxes paid	1	0
Other income (expenses)	-3.636	-197
Cash flow from operating activities	**-12.209**	**13.580**
Increase long-term financial receivables	-1.984.231	-516.600
Cash flow (used in)/from investing activities	**-1.984.231**	**-516.600**
Proceeds from long-term financial liabilities	1.981.331	518.252
Cash flow (used in)/from financing activities	**1.981.331**	**518.252**
Cash and cash equivalents as at January 1	**15.242**	**10**
In(De)crease in cash and cash equivalents	-15.109	15.232
Net foreign exchange difference	0	0
Cash and cash equivalents as at December 31	**133**	**15.242**

Statement of changes in equity
(all amounts in USD thousands)

	Share capital	Capital surplus	Retained earnings	Available-for-sale equity reserve	Cash-flow hedging reserve	Currency translation effects	Total reserves	Total partners' equity
Equity as at January 1, 2006	**10**	**0**	**0**	**0**	**0**	**0**	**0**	**10**
Net income			39				39	39
Equity as at December 31, 2006	**10**	**0**	**39**	**0**	**0**	**0**	**39**	**49**
Equity as at January 1, 2007	**10**	**0**	**39**	**0**	**0**	**0**	**39**	**49**
Net income			62				62	62
Equity as at December 31, 2007	**10**	**0**	**101**	**0**	**0**	**0**	**101**	**111**

Notes to the financial statements at December 31, 2007

1. Company information

Holcim US Finance S.à r.l. & Cie S.C.S. is a "Société en Commandite Simple" company (the "Company") incorporated in Luxembourg. The date of incorporation was on December 21, 2005. The principal activity of the Company is intercompany financing in USD.

The partnership interests of the Company are held by Holcim US Finance S.à r.l. with 99% and Holdertrade Ltd. & Cie S.N.C. with 1% and its ultimate parent company is Holcim Ltd.

The Company's capital comprises of 100 partnership interests authorized issued and fully paid partnership interests of a nominal value of USD 100.00 each.

2. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements have been prepared on a historical cost basis, except for the measurement at fair value of derivative financial instruments, available-for-sale financial assets, as well as financial assets and financial liabilities at fair value through profit and loss. The carrying values of recognized assets and liabilities that are hedged, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Related companies refer to group companies consolidated in the Holcim Ltd financial statements.

Adoption of revised International Financial Reporting Standards and new interpretations

In 2007, the Company adopted the following revised standards and new interpretations:

Amendment to IAS 1	*Presentation of Financial Statements: Capital Disclosures*
IFRS 7	*Financial Instruments: Disclosures*
IFRIC 7	*Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
IFRIC 8	*Scope of IFRS 2*
IFRIC 9	*Reassessment of Embedded Derivatives*
IFRIC 10	*Interim Financial Reporting and Impairment*

These revised and new standards and interpretations are effective from January 1, 2007 and, except for IFRIC 7, IFRIC 8 and IFRIC 10, are disclosure-related only.

The Company has not early adopted any of the new standards or interpretations which have already been issued.

In 2008, the Company will adopt the following new interpretations:

IFRIC 11	*IFRS 2 – Group and Treasury Share Transactions*
IFRIC 14	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction*

The effect of applying the above interpretations will have no impact on the entity's financial statements.

In 2009, the Company will adopt the following new and revised standards:

IAS 1 (revised)	*Presentation of Financial Statements*
IAS 23	*Borrowing Costs*
IFRS 2	*Share-based payment – Vesting conditions and cancellations*
IFRS 8	*Operating Segments*

The effect of applying the above new and revised standards will have no impact on the entity's financial statements. The new standard IFRS 8 is disclosure-related only.

In 2010, the Company will adopt the following revised standards:

IAS 27 (revised)	*Consolidated and Separate Financial Statements*
IFRS 3 (revised)	*Business Combinations*

The effect of applying the above revised standards will have no impact on the entity's financial statements.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. However, actual results could differ from those estimates.

Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate primarily to the disclosure of contingent liabilities at the balance sheet date.

Presentation currency

The Company's presentation and functional currency is USD, as the principal activity of the Company is intercompany financing in USD.

Foreign currency translation

Foreign currency transactions are initially accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Cash and cash equivalents

Cash and cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. Cash and cash equivalents comprise cash at banks and on hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts.

Short-term financial receivables

Short-term financial receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts.

Any short-term derivative assets are included in short-term financial receivables, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Financial investments

Investments in associates are stated at cost. Investments in which the Company does not have a controlling interest or significant influence are classified as available-for-sale assets.

All purchases and sales of investments are recognized on trade date, which is the date that the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Available-for-sale assets are carried at their fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are included in equity until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit and loss for the period.

Long-term financial receivables

Long-term financial receivables consist of long-term receivables from related companies and long-term receivables from third parties. Long-term receivables are classified as loans and receivables and are measured at amortized cost using the effective interest method.

Any long-term derivative assets are included in long-term financial receivables, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is any indication that a financial asset may be impaired.

An impairment loss in respect of a financial assets measured at amortized cost is calculated as the difference between its carrying amount and its present value of the future estimated cash flow discounted at the original effective interest rate.

An impairment loss in respect of an available-for-sale investment is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis.

Long-term financing liabilities

Long-term financing liabilities from related companies are measured at amortized cost using the effective interest method.

Bank loans and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the term of the borrowings.

Any long-term derivative liabilities are included in long-term financing liabilities, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Financial liabilities that are due within twelve months after the balance sheet date are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability until more than 12 months after the balance sheet date and no intention to repay.

Provisions

A provision is recognized when a legal or constructive obligation arising from past events exists, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the partners' right to receive a payment is established.

Contingent liabilities

Contingent liabilities arise from conditions or situations where the outcome depends on future events. They are disclosed in the notes to the financial statements.

Financial instruments

Information about accounting for derivative financial instruments and hedging activities is included in the section 'Financial risk management'.

3. Financial risk management

General risk management approach

The Company's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Derivative financial instruments such as foreign exchange contracts and interest rate swaps may be used to hedge certain exposures. Therefore, the Company does no enter into derivative or other financial transactions which are unrelated to its operations. As such, a risk-averse approach is pursued.

The Company's objectives when managing capital are to secure the Company's ongoing financial needs to continue as a going concern. The Company manages the capital structure by ensuring an adequate cash flow from operating activities. In order to maintain or adjust the capital structure, the

Company may adjust the amount of dividends paid to the partners, return capital to the partners, issue new shares, or sell assets to reduce debt.

Financial risk management is governed by policies approved by Holcim Group management. It provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing excess liquidity.

Market risk

Holcim Group is exposed to market risk, primarily relating to foreign exchange and interest risk. Management actively monitors these exposures. To manage the volatility relating to those exposures, the Group may enter into a variety of derivative financial instruments. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk.

Foreign exchange risk - The Group operates internationally and therefore is exposed to foreign exchange risks arising from various currencies. The principal activity of the Company is intercompany financing in USD. It usually borrows funds from third parties or related parties in the same currency. Any remaining foreign currency exposure may be hedged by entering in derivative contracts.

Interest rate risk - The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. Given the Group's substantial borrowing position, interest exposure is mainly addressed through the steering of the fixed/floating ratio of debt. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments, based on notional amounts and agreed-upon fixed and variable interest rates.

Liquidity risk

The Group monitors its liquidity risk by using a recurring liquidity management tool and maintains sufficient reserves of cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the strong international creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

Equities and securities risk

In general, the Group does not hold or acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

Credit risk

Credit risks, or the risk of counterparties defaulting, are constantly monitored. In general, the Company only enters into financial transactions with related counterparties, as well as with non-related counterparties with high credit ratings.

The maximum of exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the income statement, along with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized in equity. Where the firm commitment results in the recognition of an asset or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments or hedged firm commitments, affect the income statement.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. In the case of a fair value hedge, however, the adjustment to the carrying amount of the hedged item is amortized to net profit or loss from the moment it ceases to be adjusted for in changes to fair value, with it being fully amortized by maturity date.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value estimation

The fair value of publicly traded derivatives and available-for-sale assets is based on quoted market prices at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair values for the remaining financial instruments.

The amortized cost for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4. Additional disclosures to the financial instruments

(all amounts in USD thousands)	Carrying amount		Net gains / (losses)	
	2007	2006	2007	2006
Financial assets at fair value through profit or loss				
Initial recognition	0	0	0	0
Held for trading	0	0	0	0
Held-to-maturity investments	0	0	0	0
Loans and receivables	2.500.831	516.600	0	0
Available for sale financial assets				
Gains/losses recognised directely in equity	0	0	0	0
Amount removed from equity and recognized in profit and loss	0	0	0	0
	2.500.831	**516.600**	**0**	**0**
Financial liabilities at fair value through profit or loss				
Initial recognition	0	0	0	0
Held for trading	0	0	0	0
Financial liabilities measured at amortized cost	2.499.719	518.286	0	0
	2.499.719	**518.286**	**0**	**0**

(all amounts are in USD thousands)

5. Financial income and financial expense

	2007	2006
Financial income - parent	116.450	17.340
Financial income - third parties	13	139
Total financial income	**116.463**	**17.479**

The average interest rate for the interest income	8,45%	7,57%

	2007	2006
Financial expense - other related companies	31.891	2.515
Financial expense - third parties	83.534	11.960
Total financial expense	**115.425**	**14.475**

The position financial expense - third parties relates primarily to financial liabilities measured at amortized cost.

The average interest rate for the interest expense	8,40%	6,37%

Interest rate sensitivity

The Company's sensitivity analysis has been determined based on the interest rate exposure as at December 31, a 1% change represents management's assessment of a reasonably possible change in interest rates.
At December 31, a +/- 1% shift in interest rates, with all other variables held constant, would result in approximately USD 0.0 million of additional/lower financial income/expense net before tax over the next twelve months. The Company's net result sensitivity to interest rates is negligible as a result of its back to back lending strategy.

6. Cash and cash equivalents

	2007	2006
Cash at bank and on hand	133	242
Short term bank deposits	0	15.000
Total	**133**	**15.242**
Of which pledged / restricted	0	0

7. Prepaid expense and other current assets

	2007	2006
Accrued interest receivable	16.292	1.126
Total	**16.292**	**1.126**

8. Long-term financial receivables

	2007	2006
Long-term financial receivables - parent	2.500.831	516.600
Total	**2.500.831**	**516.600**
Of which pledged / restricted	0	0

Interest rate structure of financial receivables - other related companies / parent

	2007	2006
Financial receivables at fixed rates	450.000	450.000
Financial receivables at variable rates	2.050.831	66.600
Total	2.500.831	516.600

The fair values of long-term financial receivables with other related companies incl. parent amount to USD 3'248.7 million.

9. Other current liabilities

	2007	2006
Accrued interest payable	17.317	11.865
Other non interest-bearing liabilities	9	2.738
Provisions for income taxes payable	100	30
Total	**17.426**	**14.633**

10. Long-term financing liabilities

	2007	2006
Long-term financing liabilities - third parties	2.499.719	518.286
Total	**2.499.719**	**518.286**
Of which secured by the ultimate parent company	2.499.719	518.286

The fair values of long-term financial liabilities third parties amount to USD 2'563.4 million (previous year: USD 560.2 million).

Long-term financing liabilities - third parties as at 31 December

Nominal value		Nominal interest rate	Effective interest rate	Term	Remarks	Net book value 2007	Net book value 2006
USD	125.000	5.96%	6.01%	2006-2013	Private placement guaranteed by Holcim Ltd	124.709	124.667
USD	125.000	6.10%	6.14%	2006-2016	Private placement guaranteed by Holcim Ltd	124.690	124.663
USD	200.000	6.21%	6.24%	2006-2018	Notes guaranteed by Holcim Ltd	199.489	199.456
USD	153.731	5.26%	5.26%	2006-2012	Credit line	300.831	69.500
USD	1.310.000	5.00%	5.00%	2006-2012	Credit line	1.310.000	0
USD	440.000	5.43%	5.43%	2007-2009	Credit line	440.000	0
Total						2.499.719	518.286
Of which current portion						0	0

11. Taxes

On January 18, 2006 the Company received an advance tax clearance with the Luxemburg Inland Revenue, whereby taxable income is based on a required spread on borrowed funds.

12. Authorization of the financial statements for issue

The financial statements are authorized for issuance by the partnership of Holcim US (Finance) S.à r.l. & Cie S.C.S. on February 21, 2008 and cannot be amended after issuance.

Ernst & Young

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF

HOLCIM CAPITAL CORPORATION LTD.

We have audited the accompanying financial statements of Holcim Capital Corporation Ltd., which comprise the balance sheet as of 31 December 2008 and the income statement, statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Cont'd....

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Holcim Capital Corporation Ltd. as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young Ltd.

March 4, 2009

#3 Reid Street
Hamilton, Bermuda

Income statement
(all amounts in USD thousands)

	Notes	Year ended 31 December 2008	2007
Revenues			
Dividend income	5	31,489	104,826
Financial income	6	172,559	176,275
		204,048	281,101
Expenses			
Financial expenses	6	-70,127	-98,751
Administration expenses		-441	-246
Foreign exchange gains/losses	7	65,911	12,900
Other expenses		0	-104
		-4,657	-86,201
Net income before taxes		**199,391**	**194,900**
Income taxes	17	-115	-354
Net income for the period		**199,276**	**194,546**

Balance sheet
(all amounts in USD thousands)

	Notes	As at 31 December 2008	2007
Cash and cash equivalents	8	532,024	319,082
Short-term financial receivables	9	176,512	150,223
Prepaid expenses and other current assets	10	15,377	8,721
Total current assets		**723,913**	**478,026**
Financial investments	11	3,410,036	3,120,666
Long-term financial receivables	12	2,997,462	3,103,065
Total long-term assets		**6,407,498**	**6,223,731**
Total assets		**7,131,411**	**6,701,757**
Current financial liabilities	14	327,660	221,147
Other current liabilities	15	17,468	22,046
Total short-term liabilities		**345,128**	**243,193**
Long-term financial liabilities	16	749,988	771,545
Total long-term liabilities		**749,988**	**771,545**
Total liabilities		**1,095,116**	**1,014,738**
Share capital		2,630	2,630
Capital surplus		5,133,651	4,983,651
Reserves		900,014	700,738
Total shareholder's equity		**6,036,295**	**5,687,019**
Total liabilities and shareholder's equity		**7,131,411**	**6,701,757**

Cash flow statement

(all amounts in USD thousands)

	Year ended 31 December	
	2008	2007
Dividends received	31,489	104,826
Interest received	165,895	178,949
Interest paid	-74,689	-82,735
Income taxes paid	-115	-354
Other expenses	-247	-228
Cash flow from operating activities	**122,333**	**200,458**
Purchase of financial investments	-983,427	-412,195
Disposal of financial investments	759,953	288,949
De(In)crease short-term financial receivables	0	12,528
Increase long-term financial receivables	-126,614	-1,420,591
Decrease long-term financial receivables	213,578	57,470
Cash flow used in investing activities	**-136,510**	**-1,473,839**
Share capital paid-in (repaid)	150,000	1,222,607
In(De)crease in current financial liabilities	169,709	-29,350
Proceeds from long-term financial liabilities	94,693	140,664
Repayment of long-term financial liabilities	-187,299	-363,463
Cash flow from financing activities	**227,103**	**970,458**
Cash and cash equivalents as at January 1	319,082	621,980
In(De)crease in cash and cash equivalents	212,926	-302,923
Net foreign exchange difference	16	25
Cash and cash equivalents as at December 31	**532,024**	**319,082**

Statement of changes in equity

(all amounts in USD thousands)

	Share capital	Capital surplus	Retained earnings	Available-for-sale equity reserve	Cash-flow hedging reserve	Currency translation effects	Total reserves	Total share-holder's equity
Equity as at January 1, 2007	**2,630**	**3,618,782**	**506,192**	**0**	**0**	**0**	**506,192**	**4,127,604**
Net income			194,546				194,546	194,546
Share capital paid-in (repaid)		1,364,869					0	1,364,869
Equity as at December 31, 2007	**2,630**	**4,983,651**	**700,738**	**0**	**0**	**0**	**700,738**	**5,687,019**
Net income			199,276				199,276	199,276
Share capital paid-in (repaid)		150,000					0	150,000
Equity as at December 31, 2008	**2,630**	**5,133,651**	**900,014**	**0**	**0**	**0**	**900,014**	**6,036,295**

Notes to the financial statements at December 31, 2008

1. Company information

Holcim Capital Corporation Ltd. (the "Company") is a limited company incorporated in Bermuda. The date of incorporation was on June 7, 1989. The principal activity of the Company is intercompany financing in USD.

The shares of the Company are held by Holcim Ltd. which is the ultimate parent company.

The Company's share capital comprises of 2'630'000 shares (previous year: 2'630'000) authorized, issued and fully paid shares of a nominal value of USD 1.00 each.

These financial statements are the Company's separate financial statements in accordance with IAS 27.

2. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on a historical cost basis, except for the measurement at fair value of derivative financial instruments, available-for-sale financial assets, as well as financial assets and financial liabilities at fair value through profit and loss. The carrying values of recognized assets and liabilities that are hedged, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Related companies refer to group companies consolidated in the Holcim Ltd financial statements.

Adoption of revised International Financial Reporting Standards and new interpretations

In 2008, the Company adopted the following new interpretations:

IFRIC 11	*IFRS 2 – Group and Treasury Share Transactions*
IFRIC 14	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The effect of applying IFRIC 11 and IFRIC 14 will have no material impact on the entity's financial statements. The improvements to IFRSs relate largely to clarification issues only.

In 2009, the Company will adopt the following revised and new standards:

IAS 1 (revised)	*Presentation of Financial Statements*
IAS 23	*Borrowing Costs*
IFRS 2 (amended)	*Share-based Payment*
IFRS 8	*Operating Segments*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*
Improvements to IFRS	*Clarifications of existing IFRS*

The effect of applying the above new and revised standards will have no impact on the entity's financial statements. The revised IAS 1 and the new IFRS 8 are disclosure-related only.

In 2010, the Company will adopt the following revised standards:

IAS 27 (revised)	*Consolidated and Separate Financial Statements*
IFRS 3 (revised)	*Business Combinations*

The effect of applying the above revised standards is being evaluated by the Company.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. However, actual results could differ from those estimates.

Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate primarily to the disclosure of contingent liabilities at the balance sheet date.

Presentation currency

The Company's presentation and functional currency is USD, as the principal activity of the Company is intercompany financing in USD.

Foreign currency translation

Foreign currency transactions are initially accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Cash and cash equivalents

Cash and cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. Cash and cash equivalents comprise cash at banks and in hand, deposits held on call with banks and other short-term highly liquid investments.

Short-term financial receivables

Short-term financial receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts.

Any short-term derivative assets are included in short-term financial receivables, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Financial investments

Investments in associates are stated at cost. Investments in which the Company does not have a controlling interest or significant influence are classified as available-for-sale assets.

All purchases and sales of investments are recognized on trade date, which is the date that the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs, except for derivative instruments.

Available-for-sale assets are carried at their fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are included in equity until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit and loss for the period.

Long-term financial receivables

Long-term financial receivables consist of long-term receivables from related companies and long-term receivables from third parties. Long-term receivables are classified as loans and receivables and are measured at amortized cost using the effective interest method.

Any long-term derivative assets are included in long-term financial receivables, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is any indication that a financial asset may be impaired.

An impairment loss in respect of a financial assets measured at amortized cost is calculated as the difference between its carrying amount and its present value of the future estimated cash flow discounted at the original effective interest rate.

An impairment loss in respect of an available-for-sale investment is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis.

Gains and losses arising from changes in the fair value of available-for-sale investments are included in equity until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in equity is transferred to the income statement.

Long-term financing liabilities

Long-term financing liabilities from related companies are measured at amortized cost using the effective interest method.

Bank loans and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the term of the borrowings.

Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond. This amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is accounted for as a derivative contract and is measured at fair value in subsequent periods.

Any long-term derivative liabilities are included in long-term financing liabilities, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Financial liabilities that are due within 12 months after the balance sheet date are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability until more than 12 months after the balance sheet date and no intention to repay.

Provisions

A provision is recognized when a legal or constructive obligation arising from past events exists, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive a payment is established.

Contingent liabilities

Contingent liabilities arise from conditions or situations where the outcome depends on future events. They are disclosed in the notes to the financial statements.

Financial instruments

Information about accounting for derivative financial instruments and hedging activities is included in the section 'Financial risk management'.

3. Financial risk management

General risk management approach

The Company's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Derivative financial instruments such as foreign exchange contracts and interest rate swaps may be used to hedge certain exposures. Therefore, the Company does not enter into derivative or other financial transactions which are unrelated to its operations. As such, a risk-averse approach is pursued.

The Company's objectives when managing capital are to secure the Company's ongoing financial needs to continue as a going concern. The Company manages the capital structure by ensuring an adequate cash flow from operating activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares, or sell assets to reduce debt.

Financial risk management is governed by policies approved by Holcim Group management. It provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing excess liquidity.

Market risk

Holcim Group is exposed to market risk, primarily relating to foreign exchange and interest risk. Management actively monitors these exposures. To manage the volatility relating to those exposures, the Group may enter into a variety of derivative financial instruments. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk.

Foreign exchange risk - The Group operates internationally and therefore is exposed to foreign exchange risks arising from various currencies. The principal activity of the Company is intercompany financing in USD. It usually borrows funds from third parties or related parties in the same currency. Any remaining foreign currency exposure may be hedged by entering into derivative contracts.

Interest rate risk - The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. Given the Group's substantial borrowing position, interest exposure is mainly addressed through the steering of the fixed/floating ratio of debt. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments, based on notional amounts and agreed-upon fixed and variable interest rates.

Liquidity risk

The Group monitors its liquidity risk by using a recurring liquidity management tool and maintains sufficient reserves of cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the strong international creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

Equities and securities risk

In general, the Group does not hold or acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

Credit risk

Credit risks, or the risk of counterparties defaulting, are constantly monitored. In general, the Company only enters into financial transactions with related counterparties, as well as with non-related counterparties with high credit ratings.

The maximum of exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the income statement, along with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized in equity. Where the firm commitment results in the recognition of an asset or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments or hedged firm commitments, affect the income statement.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. In the case of a fair value hedge, however, the adjustment to the carrying amount of the hedged item is amortized to net profit or loss from the moment it ceases to be adjusted for in changes to fair value, with it being fully amortized by maturity date.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value estimation

The fair value of publicly traded derivatives and available-for-sale assets is based on quoted market prices at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair values for the remaining financial instruments.

The amortized cost for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4. Additional disclosures to the financial instruments

(all amounts in USD thousands)	Carrying amount 2008	Carrying amount 2007	Net gains / (losses) 2008	Net gains / (losses) 2007
Financial assets at fair value through profit or loss				
Initial recognition	0	0	0	0
Held for trading	0	0	0	0
Held-to-maturity investments	0	0	0	0
Loans and receivables	3,157,361	3,244,325	0	0
Available for sale financial assets				
Gains/losses recognised directly in equity	0	0	0	0
Amount removed from equity and recognized in profit and loss	0	0	0	0
	3,157,361	**3,244,325**	**0**	**0**
Financial liabilities at fair value through profit or loss				
Initial recognition	166,613	190,964	-7,650	-21,937
Held for trading	0	0	0	0
Financial liabilities measured at amortized cost	911,035	801,728	0	0
	1,077,648	**992,692**	**-7,650**	**-21,937**

(all amounts are in USD thousands)

5. Dividend income

	2008	2007
The dividend income arose from:		
Holcim European Finance Ltd.	31,489	104,826
Total	31,489	104,826

6. Financial income and financial expenses

	2008	2007
Financial income - other related companies	140,652	122,053
Financial income - third parties	31,907	54,222
Total financial income	172,559	176,275
The average interest rate for the interest income of USD 172'559	4.54%	6.00%

	2008	2007
Financial expenses - parent	474	783
Financial expenses - other related companies	7,531	8,357
Financial expenses - third parties	62,122	72,372
Fair value adjustments	0	17,239
Total financial expenses	70,127	98,751

The position financial expenses - third parties relates primarily to financial liabilities measured at amortized costs.

Fair value adjustments	Fair value hedge - hedged items	-7,650	-4,700
	Fair value hedge - hedging instrument	7,650	4,700
The average interest rate for the interest expense of USD 70'127		5.12%	5.90%

Interest rate sensitivity

The Company's sensitivity analysis has been determined based on the interest rate exposure as at December 31, a 1% change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.
At December 31, a +/- 1% shift in interest rates, with all other variables held constant, would result in approximately USD 19.3 million of additional/lower net financial income before tax over the next twelve months. This is mainly attributable to the Company's high equity ratio which results in debt being significantly lower than receivables with a maturity or interest reset date within twelve months of the balance sheet date.

7. Foreign exchange gains/(losses) net

	2008	2007
The foreign exchange gains/(losses) net arose from:		
Cash at Bank	15	12
Capital repayment of Holcim Overseas Finance Ltd.	65,896	12,888
Total	65,911	12,900

8. Cash and cash equivalents

	2008	2007
Cash at bank and on hand	20,470	19,387
Short term bank deposits	511,554	299,695
Total	532,024	319,082
Of which pledged / restricted	0	0

9. Short-term financial receivables

	2008	2007
Short-term financial receivables - other related companies	176,512	150,000
Short-term derivative assets	0	223
Total	176,512	150,223
Of which pledged / restricted	0	0

The carrying amounts of short-term financial receivables approximate their fair value.

10. Prepaid expense and other current assets

	2008	2007
Prepaid expense	8	16
Other non-interest bearing receivables	15,369	8,705
Total	15,377	8,721

11. Financial investments

	2008	2007
Financial investments - other related companies		
Holcim European Finance Ltd. - 44.69%	1,745,191	761,765
Holcim Overseas Finance Ltd. - 49%	1,194,480	1,888,536
Holcim GB Finance Ltd. - 20%	470,365	470,365
Total	3,410,036	3,120,666

12. Long-term financial receivables

	2008	2007
Long-term financial receivables - other related companies	2,980,849	3,094,325
Long-term derivative assets	16,613	8,740
Total	**2,997,462**	**3,103,065**
Of which pledged / restricted	0	0

Interest rate structure of financial receivables

	2008	2007
Financial receivables at fixed rates	0	0
Financial receivables at variable rates	2,997,462	3,103,065
Total	2,997,462	3,103,065

The fair values of long-term financial receivables with other related companies amount to USD 3'062.9 million (previous year: USD 3'165.4 million).

13. Derivative Assets

Included in 'Long-term financial receivables' (note 12) and in 'Short-term financial receivables' (note 9) are the following

	Fair value	
	2008	2007
Short-term derivative assets		
Fair value hedges	0	223
Long-term derivative assets		
Fair value hedges	16,613	8,740
Total	16,613	8,963

All derivative assets are interest rate swaps:

The short-term derivatives, designated as fair value hedges, are used to hedge the exposure to changes in fair value of some of the short-term financing liabilities - third parties (note 14).

The long-term derivatives, designated as fair value hedges, are used to hedge the exposure to changes in fair value of some of the long-term financing liabilities - third parties (note 16).

14. Current financing liabilities

	2008	2007
Current financing liabilities - other related companies	77,744	52,982
Current financing liabilities - third parties	144,947	0
Current portion of long-term financing - third parties	104,969	168,165
Total	**327,660**	**221,147**
Of which secured by the ultimate parent company	226,880	168,165

The carrying amounts of current financing liabilities approximate their fair value.

15. Other current liabilities

	2008	2007
Other non interest-bearing liabilities	17,468	22,046
Total	17,468	22,046

16. Long-term financing liabilities

	2008	2007
Long-term financing liabilities - parent	0	19,299
Long-term financing liabilities - other related companies	160,923	66,230
Long-term financing liabilities - third parties	589,065	686,016
Long-term derivative liabilities	0	0
Total	**749,988**	**771,545**
Of which secured by the ultimate parent company	589,065	686,016

Interest rate structure of financing liabilities

	2008	2007
Financing liabilities at fixed rates	422,452	210,263
Financing liabilities at variable rates	327,536	561,282
Total	749,988	771,545

Contractual maturity analysis

2008	Carrying amount	Contractual principal cash flows	Future interest on financing liabilities
Within 1 year	327,660	327,691	46,784
Within 2 years	47,645	47,645	38,555
Within 3 years	379,224	362,881	38,124
Within 4 years	108,397	108,397	15,779
Within 5 years	0	0	14,699
Thereafter	214,722	215,000	79,724
Total	1,077,648	1,061,614	233,665

The table summarizes the maturity profile of the Company's financial liabilities excluding derivatives (note 13) as at December 31, 2008.

The fair values of long-term financial liabilities third parties amount to USD 718.4 million (previous year: USD 773.3 million).

The fair values of long-term financial liabilities with other related companies amount to USD 160.9 million (previous year: USD 85.8 million).

Long-term financing liabilities - third parties as at 31 December

Nominal value		Nominal interest rate	Effective interest rate	Term	Remarks	Net book value 2008	Net book value 2007
USD	32,000	6.60%		2001-2008	Private Placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	0	32,223
USD	136,000	6.60%		2001-2008	Private Placement guaranteed by Holcim Ltd	0	135,942
USD	150,000	7.05%	4.40%	2001-2011	Private Placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	166,613	158,741
USD	208,000	7.05%	7.08%	2001-2011	Private Placement guaranteed by Holcim Ltd	207,730	207,648
USD	50,000	7.65%	7.65%	2001-2031	Private Placement guaranteed by Holcim Ltd	49,827	49,824
USD	105,000	5.93%	5.95%	2002-2009	Private Placement guaranteed by Holcim Ltd	104,969	104,922
USD	65,000	6.59%	6.60%	2002-2014	Private Placement guaranteed by Holcim Ltd	64,895	64,881
USD	100,000	6.59%	6.59%	2002-2014	Private Placement guaranteed by Holcim Ltd	100,000	100,000
Total						694,034	854,181
Of which current portion						104,969	168,165

17. Taxes

At the present time, no income, profit, capital or capital gain taxes are levied in Bermuda and accordingly, no provision for such taxes has been recorded by the Company. In the event that such taxes are levied, the Company has received an undertaking from the Bermuda Government exempting it from all such taxes until 2016.

18. Transactions with major Shareholders and members of the Board of Directors

	2008	2007
Remuneration of the Board of Directors	0	0

19. Authorization of the financial statements for issue

The financial statements are authorized for issuance by the board of Holcim Capital Corporation Ltd. on March 4, 2009 and cannot be amended after issuance.

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF

HOLCIM CAPITAL CORPORATION LTD.

We have audited the accompanying financial statements of Holcim Capital Corporation Ltd., which comprise the balance sheet as of 31 December 2007 and the statement of income, statement of changes in shareholder's equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Holcim Capital Corporation Ltd. as of December 31, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young Ltd.

February 27, 2008

#3 Reid Street
Hamilton, Bermuda

Income statement
(all amounts in USD thousands)

	Notes	Year ended 31 December 2007	2006
Revenues			
Dividend income	5	104,826	122,534
Financial income	6	176,275	143,751
		281,101	266,285
Expenses			
Financial expenses	6	-98,751	-235,171
Administration expenses		-246	-1,072
Foreign exchange gains/losses net	7	12,900	2,341
Other expenses		-104	-160
		-86,201	-234,062
Net income before taxes		**194,900**	**32,223**
Income taxes	17	-354	0
Net income for the period		**194,546**	**32,223**

Balance sheet
(all amounts in USD thousands)

	Notes	As at 31 December 2007	2006
Cash and cash equivalents	8	319,082	621,980
Short-term financial receivables	9	150,223	162,528
Prepaid expenses and other current assets	10	8,721	12,316
Total current assets		**478,026**	**796,824**
Financial investments	11	3,120,666	2,984,532
Long-term financial receivables	12	3,103,065	1,735,469
Total long-term assets		**6,223,731**	**4,720,001**
Total assets		**6,701,757**	**5,516,825**
Current financial liabilities	14	221,147	253,189
Other current liabilities	15	22,046	25,532
Total short-term liabilities		**243,193**	**278,721**
Long-term financial liabilities	16	771,545	1,110,500
Total long-term liabilities		**771,545**	**1,110,500**
Total liabilities		**1,014,738**	**1,389,221**
Share capital		2,630	2,630
Capital surplus		4,983,651	3,618,782
Reserves		700,738	506,192
Total shareholder's equity		**5,687,019**	**4,127,604**
Total liabilities and shareholder's equity		**6,701,757**	**5,516,825**

Cash flow statement

(all amounts in USD thousands)

	Year ended 31 December	
	2007	2006
Dividends received	104,826	122,534
Interest received	178,949	137,270
Interest paid	-82,735	-137,501
Income taxes paid	-354	0
Other income (expenses)	-228	-50,572
Cash flow from operating activities	**200,458**	**71,731**
Purchase of financial investments	-412,195	-291,296
Disposal of financial investments	288,949	146,676
De(In)crease short-term financial receivables	12,528	115,805
Increase long-term financial receivables	-1,420,591	-597,552
Decrease long-term financial receivables	57,470	168,832
Cash flow (used in)/from investing activities	**-1,473,839**	**-457,535**
Share capital paid-in (repaid)	1,222,607	1,486,010
In(De)crease in current financial liabilities	-29,350	-447,968
Proceeds from long-term financial liabilities	140,664	18,141
Repayments of long-term financial liabilities	-363,463	-368,713
Cash flow (used in)/from financing activities	**970,458**	**687,470**
Cash and cash equivalents as at January 1	**621,980**	**320,314**
In(De)crease in cash and cash equivalents	-302,923	301,666
Net foreign exchange difference	25	0
Cash and cash equivalents as at December 31	**319,082**	**621,980**

Statement of changes in equity

(all amounts in USD thousands)

	Share capital	Capital surplus	Retained earnings	Available-for-sale equity reserve	Cash-flow hedging reserve	Currency translation effects	Total reserves	Total shareholder's equity
Equity as at January 1, 2006	**2,630**	**1,765,519**	**473,969**	**0**	**0**	**0**	**473,969**	**2,242,118**
Net income			32,223				32,223	32,223
Share capital paid-in (repaid)		1,853,263					0	1,853,263
Equity as at December 31, 2006	**2,630**	**3,618,782**	**506,192**	**0**	**0**	**0**	**506,192**	**4,127,604**
Net income			194,546				194,546	194,546
Share capital paid-in (repaid)		1,364,869					0	1,364,869
Equity as at December 31, 2007	**2,630**	**4,983,651**	**700,738**	**0**	**0**	**0**	**700,738**	**5,687,019**

Notes to the financial statements at December 31, 2007

1. Company information

Holcim Capital Corporation Ltd. (the "Company") is a limited company incorporated in Bermuda. The date of incorporation was on June 7, 1989. The principal activity of the Company is intercompany financing in USD.

The shares of the Company are held by Holcim Ltd. which is the ultimate parent company.

The Company's share capital comprises of 2,630 shares (2,630 in the previous year) authorized, issued and fully paid shares of a nominal value of US$1.00 each.

These financial statements are the Company's separate financial statements in accordance with IAS 27.

2. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on a historical cost basis, except for the measurement at fair value of derivative financial instruments, available-for-sale financial assets, as well as financial assets and financial liabilities at fair value through profit and loss. The carrying values of recognized assets and liabilities that are hedged, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Related companies refer to group companies consolidated in the Holcim Ltd financial statements.

Adoption of revised International Financial Reporting Standards and new interpretations

In 2007, the Company adopted the following revised standards and new interpretations:

Amendment to IAS 1	*Presentation of Financial Statements: Capital Disclosures*
IFRS 7	*Financial Instruments: Disclosures*
IFRIC 7	*Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
IFRIC 8	*Scope of IFRS 2*
IFRIC 9	*Reassessment of Embedded Derivatives*
IFRIC 10	*Interim Financial Reporting and Impairment*

These revised and new standards and interpretations are effective from January 1, 2007 and, except for IFRIC 7, IFRIC 8 and IFRIC 10, are disclosure-related only.

The Company has not early adopted any of the new standards or interpretations which have already been issued.

In 2008, the Company will adopt the following new interpretations:

IFRIC 11	*IFRS 2 – Group and Treasury Share Transactions*
IFRIC 14	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction*

The effect of applying the above interpretations will have no impact on the entity's financial statements.

In 2009, the Company will adopt the following new and revised standards:

IAS 1 (revised)	*Presentation of Financial Statements*
IAS 23	*Borrowing Costs*
IFRS 2	*Share-based payment – Vesting conditions and cancellations*
IFRS 8	*Operating Segments*

The effect of applying the above new and revised standards will have no impact on the entity's financial statements. The new standard IFRS 8 is disclosure-related only.

In 2010, the Company will adopt the following revised standards:

IAS 27 (revised)	*Consolidated and Separate Financial Statements*
IFRS 3 (revised)	*Business Combinations*

The effect of applying the above revised standards will have no impact on the entity's financial statements.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. However, actual results could differ from those estimates.

Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year relate primarily to the disclosure of contingent liabilities at the balance sheet date.

Presentation currency

The Company's presentation and functional currency is USD, as the principal activity of the Company is intercompany financing in USD.

Foreign currency translation

Foreign currency transactions are initially accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Cash and cash equivalents

Cash and cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. Cash and cash equivalents comprise cash at banks and on hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts.

Short-term financial receivables

Short-term financial receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts.

Any short-term derivative assets are included in short-term financial receivables, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Financial investments

Investments in associates are stated at cost. Investments in which the Company does not have a controlling interest or significant influence are classified as available-for-sale assets.

All purchases and sales of investments are recognized on trade date, which is the date that the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Available-for-sale assets are carried at their fair value. Gains and losses arising from changes in the fair value of available-for-sale investments are included in equity until the financial asset is either impaired or disposed of, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit and loss for the period.

Long-term financial receivables

Long-term financial receivables consist of long-term receivables from related companies and long-term receivables from third parties. Long-term receivables are classified as loans and receivables and are measured at amortized cost using the effective interest method.

Any long-term derivative assets are included in long-term financial receivables, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is any indication that a financial asset may be impaired.

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount and its present value of the future estimated cash flow discounted at the original effective interest rate.

An impairment loss in respect of an available-for-sale investment is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis.

Long-term financing liabilities

Long-term financing liabilities from related companies are measured at amortized cost using the effective interest method.

Bank loans and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the term of the borrowings.

Upon issuance of convertible bonds, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond. This amount is carried as a long-term liability on the amortized cost basis using the effective interest method until extinguishment on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is accounted for as a derivative contract and is measured at fair value in subsequent periods.

Any long-term derivative liabilities are included in long-term financing liabilities, and are regarded as held for hedging unless they do not meet the strict hedging criteria under IAS 39 *Financial Instruments: Recognition and Measurements*, in which case they will be classified as held for trading.

Financial liabilities that are due within twelve months after the balance sheet date are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability until more than 12 months after the balance sheet date and no intention to repay.

Provisions

A provision is recognized when a legal or constructive obligation arising from past events exists, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when the shareholder's right to receive a payment is established.

Contingent liabilities

Contingent liabilities arise from conditions or situations where the outcome depends on future events. They are disclosed in the notes to the financial statements.

Financial instruments

Information about accounting for derivative financial instruments and hedging activities is included in the section 'Financial risk management'.

3. Financial risk management

General risk management approach

The Company's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market prices, foreign currency exchange rates and interest rates. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Derivative financial instruments such as foreign exchange contracts and interest rate swaps may be used to hedge certain exposures.

Therefore, the Company does not enter into derivative or other financial transactions which are unrelated to its operations. As such, a risk-averse approach is pursued.

The Company's objectives when managing capital are to secure the Company's ongoing financial needs to continue as a going concern. The Company manages the capital structure by ensuring an adequate cash flow from operating activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares, or sell assets to reduce debt.

Financial risk management is governed by policies approved by Holcim Group management. It provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, foreign exchange risk, counterparty risk, use of derivative financial instruments and investing excess liquidity.

Market risk

Holcim Group ("the Group") is exposed to market risk, primarily relating to foreign exchange and interest risk. Management actively monitors these exposures. To manage the volatility relating to those exposures, the Group may enter into a variety of derivative financial instruments. The Group's objective is to reduce, where appropriate, fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk.

Foreign exchange risk - The Group operates internationally and therefore is exposed to foreign exchange risks arising from various currencies. The principal activity of the Company is intercompany financing in USD. It usually borrows funds from third parties or related parties in the same currency. Any remaining foreign currency exposure may be hedged by entering in derivative contracts.

Interest rate risk - The Group is exposed to fluctuations in financing costs and market value movements of its debt portfolio related to changes in market interest rates. Given the Group's substantial borrowing position, interest exposure is mainly addressed through the steering of the fixed/floating ratio of debt. To manage this mix, the Group may enter into interest rate swap agreements, in which it exchanges periodic payments, based on notional amounts and agreed-upon fixed and variable interest rates.

Liquidity risk

The Group monitors its liquidity risk by using a recurring liquidity management tool and maintains sufficient reserves of cash, unused credit lines and readily realizable marketable securities to meet its liquidity requirements at all times. In addition, the strong international creditworthiness of the Group allows it to make efficient use of international financial markets for financing purposes.

Equities and securities risk

In general, the Group does not hold or acquire any shares or options on shares or other equity products, which are not directly related to the business of the Group.

Credit risk

Credit risks, or the risk of counterparties defaulting, are constantly monitored. In general, the Company only enters into financial transactions with related counterparties, as well as with non-related counterparties with high credit ratings.

The maximum of exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either (a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or (b) a hedge of a particular risk associated with a recognized asset or liability, such as future interest payments on floating rate debt (cash flow hedge) or (c) a hedge of a foreign currency risk of a commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the income statement, along with any changes in fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized in equity. Where the firm commitment results in the recognition of an asset or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the cash flows, such as interest payments or hedged firm commitments, affect the income statement.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, may not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

When a hedging instrument is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity until the committed transaction occurs. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. In the case of a fair value hedge, however, the adjustment to the carrying amount of the hedged item is amortized to net profit or loss from the moment it ceases to be adjusted for in changes to fair value, with it being fully amortized by maturity date.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value estimation

The fair value of publicly traded derivatives and available-for-sale assets is based on quoted market prices at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair values for the remaining financial instruments.

The amortized cost for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4. Additional disclosures to the financial instruments

(all amounts in USD thousands)	Carrying amount 2007	Carrying amount 2006	Net gains / (losses) 2007	Net gains / (losses) 2006
Financial assets at fair value through profit or loss				
Initial recognition	0	0	0	0
Held for trading	0	0	0	0
Held-to-maturity investments	0	0	0	0
Loans and receivables	3,244,325	1,893,732	0	0
Available for sale financial assets				
Gains/losses recognised directely in equity	0	0	0	0
Amount removed from equity and recognized in profit and loss	0	0	0	0
	3,244,325	**1,893,732**	**0**	**0**
Financial liabilities at fair value through profit or loss				
Initial recognition	190,964	224,041	-21,937	-97,684
Held for trading	0	0	0	0
Financial liabilities measured at amortized cost	801,728	1,139,648	0	0
	992,692	**1,363,689**	**-21,937**	**-97,684**

(all amounts are in USD thousands)

5. Dividend income

The dividend income arose from:

	2007	2006
Holcim European Finance Ltd.	104,826	106,779
Holcim GB Finance Ltd.	0	15,755
Total	**104,826**	**122,534**

6. Financial income and financial expense

	2007	2006
Financial income - other related companies	122,053	112,304
Financial income - third parties	54,222	31,447
Total financial income	**176,275**	**143,751**

The average interest rate for the interest income	6.00%	6.54%

	2007	2006
Financial expense - parent	783	783
Financial expense - other related companies	8,357	37,942
Financial expense - third parties	72,372	93,715
Fair value adjustments	17,239	102,731
Total financial expense	**98,751**	**235,171**

The position financial expense - third parties relates primarily to financial liabilities measured at amortized costs.

Fair value adjustments	Fair value hedge - hedged items	-4,700	4,600
	Fair value hedge - hedging instrument:	4,700	-4,600

The average interest rate for the interest expense	5.90%	6.35%

Interest rate sensitivity

The Company's sensitivity analysis has been determined based on the interest rate exposure as at December 31, a 1% change represents management's assessment of a reasonably possible change in interest rates. At December 31, a +/- 1% shift in interest rates, with all other variables held constant, would result in approximately USD 21.4 million of additional/lower financial income/expense net before tax over the next twelve months. This is mainly attributable to the Company's high equity ratio which results in debt being significantly lower than receivables with a maturity or interest reset date within twelve months of the balance sheet date.

7. Foreign exchange gains/losses net

	2007	2006
The foreign exchange gains/losses net arose from:		
Payment to Holcim Overseas Finance Ltd.	0	756
Capital repayment of Holcim Overseas Finance Ltd.	12,900	-12,493
Capital repayment of Holcim European Finance Ltd.	0	14,078
Total	**12,900**	**2,341**

8. Cash and cash equivalents

	2007	2006
Cash at bank and on hand	19,387	21,689
Short term bank deposits	299,695	600,291
Total	**319,082**	**621,980**
Of which pledged / restricted	0	0

9. Short-term financial receivables

	2007	2006
Short-term financial receivables - other related companies	150,000	162,528
Short-term derivative assets	223	0
Total	**150,223**	**162,528**
Of which pledged / restricted	0	0

The carrying amounts of short-term financial receivables approximate their fair value.

10. Prepaid expense and other current assets

	2007	2006
Prepaid expense	8,705	12,309
Other non-interest bearing receivables	16	7
Total	**8,721**	**12,316**

11. Financial investments

	2007	2006
Financial investments - other related companies		
Holcim European Finance Ltd. - 44.69%	761,765	513,336
Holcim Overseas Finance Ltd. - 49%	1,888,536	2,164,598
Holcim GB Finance Ltd. - 20%	470,365	306,598
Total	**3,120,666**	**2,984,532**

12. Long-term financial receivables

	2007	2006
Long-term financial receivables - other related companies	3,094,325	1,731,204
Long-term derivative assets	8,740	4,265
Total	**3,103,065**	**1,735,469**
Of which pledged / restricted	0	0

Interest rate structure of financial receivables - other related companies

	2007	2006
Financial receivables at fixed rates	0	480
Financial receivables at variable rates	3,094,325	1,730,724
Total	3,094,325	1,731,204

The fair values of long-term financial receivables with other related companies amount to USD 3,165.4 million.

13. Derivative Assets

Included in 'Long-term financial receivables' (note 12) and in 'Short-term financial receivables' (note 9) are the following derivative assets:

	Fair value	
	2007	2006
Short-term derivative assets		
Fair value hedges	223	0
Long-term derivative assets		
Fair value hedges	8,740	4,265
Total	**8,963**	**4,265**

All derivative assets are interest rate swaps:

The short-term derivatives, designated as fair value hedges, are used to hedge the exposure to changes in fair value of some of the current financing liabilities - third parties (note 14).

The long-term derivatives, designated as fair value hedges, are used to hedge the exposure to changes in fair value of some of the long-term financing liabilities - third parties (note 16).

14. Current financing liabilities

	2007	2006
Current financing liabilities - other related companies	52,982	62,236
Current financing liabilities - third parties	0	20,096
Current portion of long-term financing - third parties	168,165	170,857
Total	**221,147**	**253,189**
Of which secured by the ultimate parent company	168,165	170,857

The carrying amounts of current financing liabilities approximate their fair value.

15. Other current liabilities

	2007	2006
Other non interest-bearing liabilities	22,046	25,532
Total	**22,046**	**25,532**

16. Long-term financing liabilities

	2007	2006
Long-term financing liabilities - parent	19,299	19,299
Long-term financing liabilities - other related companies	66,230	118,141
Long-term financing liabilities - third parties	686,016	973,060
Total	**771,545**	**1,110,500**
Of which secured by the ultimate parent company	686,016	973,060

Interest rate structure of financing liabilities - other related companies / parent

	2007	2006
Financing liabilities at fixed rates	19,299	19,299
Financing liabilities at variable rates	66,230	118,141
Total	85,529	137,440

Maturity schedule of long-term financing liabilities - other related companies / parent

	2007	2006
Within 2 years	80,854	133,048
Within 3 years	0	0
Within 4 years	4,675	0
Within 5 years	0	4,392
Thereafter	0	0
Total	85,529	137,440

The fair values of long-term financial liabilities third parties amount to USD 773.3 million (previous year: USD 1'561.5 million).

The fair values of long-term financial liabilities with other related companies including the parent amount to USD 85.8 million.

Long-term financing liabilities - third parties as at 31 December

Nominal value		Nominal interest rate	Effective interest rate	Term	Remarks	Net book value 2007	Net book value 2006
CHF	0	3.75%		1997-2007	Bonds guaranteed by Holcim Ltd. swapped into USD and floating floating interest rates at inception		135,870
USD	32,000	6.60%	6.41%	2001-2008	Private Placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	32,223	32,203
USD	136,000	6.60%	6.65%	2001-2008	Private Placement guaranteed by Holcim Ltd	135,942	135,857
USD	150,000	7.05%	6.70%	2001-2011	Private Placement guaranteed by Holcim Ltd, swapped into floating interest rates at inception	158,741	154,062
USD	208,000	7.05%	7.08%	2001-2011	Private Placement guaranteed by Holcim Ltd	207,648	207,566
USD	50,000	7.65%	7.65%	2001-2031	Private Placement guaranteed by Holcim Ltd	49,824	49,822
USD	0	5.83%		2002-2007	Private Placement guaranteed by Holcim Ltd		34,987
USD	105,000	5.93%	5.95%	2002-2009	Private Placement guaranteed by Holcim Ltd	104,922	104,876
USD	65,000	6.59%	6.60%	2002-2014	Private Placement guaranteed by Holcim Ltd	64,881	64,867
USD	100,000	6.59%	6.59%	2002-2014	Private Placement guaranteed by Holcim Ltd	100,000	100,000
USD	0	0.00%		2002-2017	Convertible bonds guaranteed by Holcim Ltd, fully converted and redeemed in 2007.		123,807
Total						854,181	1,143,917
Of which current portion						168,165	170,857

17. Taxes

At the present time, no income, profit, capital or capital gain taxes are levied in Bermuda and accordingly, no provision for such taxes has been recorded by the Company. In the event that such taxes are levied, the Company has received an undertaking from the Bermuda Government exempting it from all such taxes until 2016.

18. Transactions with members of the Board of Directors

	2007	2006
Remuneration of the Board of Directors	**0**	**0**

19. Authorization of the financial statements for issue

The financial statements are authorized for issuance by the board of Holcim Capital Corporation Limited on February 27, 2008 and cannot be amended after issuance.

ISSUERS

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U.S.$1,000,000,000 Guaranteed Notes
consisting of

U.S.$750,000,000 6.000% Notes due 2019
U.S.$250,000,000 6.875% Notes due 2039

Holcim US Finance S.à r.l. & Cie S.C.S.

(incorporated in Luxembourg as a société en commandite simple)

and

Holcim Capital Corporation Ltd.

(incorporated in Bermuda with limited liability)

as Issuers

Holcim Ltd

(incorporated in Switzerland with limited liability)

as Guarantor

OFFERING MEMORANDUM

September 25, 2009

Joint Book-Running Managers

BofA Merrill Lynch
Citi
Deutsche Bank Securities